



## Angola Reportedly Accepts Plan For Withdrawal of Cuban Troops

*Compiled by Our Staff From Dispatches*  
WINDHOEK, South-West Africa — Angola has agreed with the United States and France on the withdrawal of Cuban troops from its territory before independence elections are held for South-West Africa (Namibia), the pro-government newspaper Die Republikein said Tuesday.

In return for repatriating the estimated 20,000 Cuban troops in Angola, Luanda would receive Western economic aid, the paper said.

Meanwhile, South Africa's administrator general for South-West Africa, Dame Hough, reiterated that there could be no peace settlement for the former German colony until the Cubans went home. The observer representing the

South-West Africa People's Organization guerrilla group at the United Nations, Theo-Ben Guririba, was quoted last week as saying that while the presence of the Cubans could not be linked to a Namibian settlement, it would welcome any "normalization reached between Luanda and Washington." This appeared to be an indirect endorsement of a withdrawal.

(See Insights, Page 7, for a report on a journey through Namibia, a confused and unhappy territory.)

In a military development Tuesday, a South African Defense Force spokesman said SWAPO guerrillas shot down a helicopter carrying troops on an attack on insurgent positions in southern Angola, killing 15 airmen and so-

diers. The spokesman said 20 guerrillas had been killed in the operation. He did not say when the attack took place.

Peace talks between a five-nation Western group, composed of the United States, Britain, France, West Germany and Canada, the SWAPO guerrillas of Sam Nujoma and other parties are scheduled to resume Thursday in New York.

At that meeting, Die Republikein said, Mr. Nujoma would be presented with details of the agreement on Cuban withdrawal and told to "shut his mouth."

Mr. Hough, in a statement, did not reply directly to remarks reportedly made in Tripoli by Mr. Nujoma that he was ready to sign a cease-fire in the 16-year bush war with South Africa if Pretoria did the same. Die Republikein has already predicted that a provisional cease-fire would be called for Aug. 15, with a formal end to hostilities six weeks later.

Windhoek radio quoted Dirk Mudge, chairman of the Ministers' Council and of the ruling multi-class Democratic Turnhalle Alliance, as saying a trial cease-fire would not automatically mean immediate implementation of the UN-backed peace plan leading to elections under UN supervision.

The majority argued that the sanctions had proven ineffective, that they had deeply split the U.S.-Western Europe alliance and that they had cost thousands of Americans jobs because of lost sales in pipeline equipment to the Soviet Union.

## House Panel Votes to End Pipeline Ban

### Sanctions on Russians Held Likely to Remain

By William Chapman  
*Washington Post Service*

WASHINGTON — Ignoring a last-minute administration appeal, the House Foreign Affairs Committee voted Tuesday to reverse President Reagan's imposition of sanctions against the Soviet gas pipeline to Western Europe.

Seven Republicans on the committee joined a majority of Democrats in voting to rescind decisions by which Mr. Reagan had sought to block or delay the pipeline. The bill, passed by a vote of 22 to 12, declares the sanctions no longer effective.

The majority argued that the sanctions had proven ineffective, that they had deeply split the U.S.-Western Europe alliance and that they had cost thousands of Americans jobs because of lost sales in pipeline equipment to the Soviet Union.

#### A Pointed Rebuff

Although passage of the bill was a pointed rebuff to the White House, the measure is unlikely to result in an actual reversal of policy. It faces strong opposition on the House floor and even stronger opposition in the Senate and, if passed, would probably be vetoed by the president.

Its supporters agreed that even if the bill became law the president could still invoke sections of the Export Administration Act to put the sanctions in place again.

Secretary of State George P. Shultz, in a letter delivered to committee members shortly before the vote, appealed for defeat of the measure.

In its passage, Mr. Shultz warned, "would severely cripple the president's ability to pursue one of his major foreign policy goals and limit his flexibility and authority to deal with a crisis of major importance to the West."

He said that it would "remove a significant instrument of pressure on the Soviet Union and impede the process of finding a common, long-term East-West trade strategy with our allies."

#### Controversy in Europe

The president's decision to block sales to the Soviet Union of technology and pipe-laying equipment caused controversy in Western Europe and Japan. Mr. Reagan's order also sought to block the sales of foreign companies licensed by American companies.

Several allies have decided to ignore Mr. Reagan's decision and sell equipment needed by the Soviet Union to build the pipeline.

The administration has contended that the pipeline would significantly increase Europe's dependence on Soviet energy supplies and would provide the Russians with a large amount of foreign currency.

But committee members Tuesday contended that the sanctions had hurt the West and not the Soviet Union. Sanctions will stiffen Soviet resolve in Poland and "will do no favor to the Polish people," said Chairman Clement J. Zablocki, Democrat of Wisconsin.

The political effect of lost jobs was evident in the lop-sided vote. The Republican sponsor of the bill, Rep. Paul Findley of Illinois, said that the sanctions had caused layoffs in his district at two plants that had intended to sell card-moving equipment to the Soviet Union.

The ranking committee Republican, Rep. William S. Broome, Republican of Michigan, opposed the bill and defended the sanctions as the president's only method of demonstrating opposition to martial law in Poland. Rep. Broome said that the pipeline would double Western Europe's dependence on Soviet energy sources.

## Romanian Couple Said to End Fast For Canadian Visa

*Associated Press*

BUCHAREST — A Romanian couple seeking a Canadian immigration visa was reported Tuesday to have ended a weeklong hunger strike in the Canadian Embassy.

An embassy official said in an interview that Mircea Munteanu, 32, a driver from Lugoj, in western Romania, and his wife, Elena, 36, had been provided with food by the embassy for themselves and their two children and had ended their fast. But it was not clear when the couple would receive the Canadian visa.

Meanwhile, another couple, Ruxandra and Sergiu Ratescu said on the 30th day of their hunger strike that they were hopeful of getting official Romanian permission to emigrate to Israel.

"An official of the passport office telephoned us this morning very kindly to tell us that they are dealing with our case and that we will hear from them in one or two days," Mrs. Ratescu said in a telephone interview from their Bucharest apartment.

"If the other government wants them," he added.



*Associated Press*  
U.S. Secretary of State George P. Shultz, right, chats with Shimon Peres, the Israeli opposition leader, in Washington.

## Mitterrand Is Criticized Over Terrorist Attack

By Joseph Fitchett  
*International Herald Tribune*

terrorism in West Germany and Italy.

French officials maintain that France could not remain immune indefinitely to the terrorist attacks that have swept Western Europe in recent years, but the Mitterrand government is accused by opponents of adopting too lax a line on political asylum.

The Socialist government has refused to deport Basque nationalists sought by Spain for guerrilla activities, and several French Cabinet ministers have spoken sympathetically of the Armenian cause, remarks that critics said condoned terrorism.

Controversy erupted recently when Armenian extremists contend that the French government had pledged to deport rather than imprison activists arrested in France.

"As every peace approaches, it is accompanied by atrocities, and the glimmer of Middle East peace has inflicted this tragedy on my fellow French Jews," said Jean Daniel, editor of the pro-Socialist Nouvel Observateur.

But the Mitterrand government was criticized by other commentators for failing to clearly explain its Middle East policy clearly, thus allowing extremists to whip up passions in France about the Arab-Israeli conflict.

#### Begin's Charge

Prime Minister Menachem Begin of Israel drove home this second accusation when he said French leaders, in seeking to justify their support for the Palestine Liberation Organization, had created an anti-Semitic climate. He mentioned "Oradour," a reference to Mr. Mitterrand's recent comparison of the bombing of Beirut with the Nazi massacre of most of the inhabitants of the French village of that name during World War II.

The newspaper Le Monde newspaper rejected the Israeli remarks, saying that criticism of Israeli policy could not be described as anti-Semitism. And a Socialist Party spokesman said Israel was interfering in French affairs and fueling the controversy instead of helping calm passions.

In addition, French newspapers have repeatedly published reports, never conclusively denied, that the previous French government made a pact with Arab terrorists allowing them to operate in France provided French targets were not hit. The Socialist government, with its initial pro-Israeli leanings, did not renew this pact, and Arab networks stopped sparing France, the reports said.

Another problem for France's Socialist government has been disidence among the intelligence services. Supposed to be the first line of defense against international terrorism, France's overseas intelligence operation contains many officers who reportedly are suspicious of the Socialist Party because of its political alliance with the Communists.

## Doubts Remain on U.S. Plan To Lease Offshore Oil Sites

(Continued from Page 1)

ant oil companies, which control most of the offshore fields already leased, would be able to compete. Lack of competition will ensure that most bids come in near the minimum level, he contended.

"We are seeing a wholesale giveaway of the offshore oil lands," Mr. Rothchild said.

Mr. West, at the Interior Department, insisted that "this is not a fire sale." He predicted that the trusts expected to be of high value, especially those in the Beaufort Sea off Alaska, would attract "an enormous amount of competition" and high bids. Independent oil companies would be able to compete, he said, by banding together to meet the high costs of bidding and exploration.

He said revenues from the offshore program were likely to bring in \$15.7 billion annually starting next year. This is lower than the original estimate of \$18 billion and is still high, according to a report by the General Accounting Office.

There is considerable disagreement that the best way to lessen the nation's dependence on overseas sources of oil is through a crash program to get at the na-

## Peres Says Labor Bloc To Oppose Plans for Occupation of Lebanon

By Glenn Frankel  
*Washington Post Service*

WASHINGTON — The Israeli opposition leader, Shimon Peres, said Monday that the Labor alignment will oppose the government's plan to maintain troops in Lebanon for an indefinite period after the withdrawal of the Palestinian Liberation Organization.

Israeli officials have said privately that they intend to keep their forces in Lebanon after the evacuation of the 6,000 to 9,000 PLO members trapped in Beirut until all Syrian troops leave the country. A senior official indicated to reporters here last week that the Israeli occupation could continue for a prolonged period.

"We don't want to become the policeman of Lebanon under any circumstances," Mr. Peres said Monday, adding later that Lebanon's internal affairs are "not our business."

The former Israeli defense minister, said an international peace-keeping force, rather than Israeli soldiers, should remain to enforce a peace accord in southern Lebanon. In contrast, the government of Menachem Begin has said it wants any international troops entering Lebanon to oversee the PLO withdrawal to leave within a few weeks.

Mr. Peres, whose party has lost two narrow parliamentary elections to Mr. Begin's ruling coalition, urged the Reagan administration to capitalize on the Lebanese crisis to come to grips with what he described as the major Middle East problem — the future of the Palestinian people.

"The real test of the Reagan administration, in my judgment, will be if they can work out a Palestinian solution," he said. "What you need is a rational strategy."

Mr. Peres urged the administration to pressure both the Begin government and moderate Arab states such as Jordan and Saudi Arabia to support meaningful negotiations on the question of Palestinian autonomy in the Israeli-occupied west.

Mr. Peres also said Mr. Sharon,

cupied West Bank. He said moderate Arabs might prove particularly receptive to a Palestinian solution that would enhance the region's security and counter the threat of Moslem fundamentalists in Iran.

He implicitly criticized the United States for not opposing in the past Mr. Begin's policy of promoting Jewish settlements in the West Bank, where 1.3 million Palestinians live.

"I'm not sure the Reagan administration had a clear Palestinian policy," said Mr. Peres, adding that U.S. officials seem to have concluded that the Palestinian problem is insoluble and therefore allowed Mr. Begin to operate without criticism.

The Labor alignment leader said a solution to the Palestinian problem is achievable but warned that the answer must be in the interests of both the Israelis and the Palestinians. He said the United States should not attempt to impose a solution that Israel would find unacceptable.

"You must work out a policy that Israel can live with — not a punishment," said Mr. Peres, adding that all the parties will have to be prepared to make sacrifices for peace.

As for the future of Lebanon, Mr. Peres suggested that the most viable solution would be for the country to be partitioned and returned to its smaller, post-World War I borders. He indicated, however, that he believes it should be up to the Lebanese, not the Israelis, to decide the issue. The eastern part would be separated under such a plan, from the Christian west.

Mr. Peres said he had mixed feelings about the Israeli invasion, but he criticized Defense Minister Ariel Sharon, the operation's architect. He said Mr. Sharon had acted militarily in "not seizing Beirut during the first days of the invasion."

Mr. Peres also said Mr. Sharon "knows the strengths of military power, but he doesn't know its limitations."

## WORLD BRIEFS

### Italian Socialists Resist New Coalition

ROME — The Republicans, Liberals and Social Democrats on Tuesday joined the Christian Democrats in calling for establishment of a new five-party government coalition. The Socialists, however, held back, saying change is urgent.

President Sandro Pertini is expected to name a premier designate Wednesday who will try to form Italy's 42nd postwar government.

In past crises, the president has often asked the premier to succeed himself. In this case, Premier Giovanni Spadolini, a Republican, is expected to try to put together a government similar to the one that fell Saturday after the Socialists withdrew their support in a dispute over tax reform.

### Execution Delayed for U.S. Convict

RICHMOND, Va. — A federal appeals court judge Tuesday postponed the execution of Frank J. Coppola, less than 10 hours before the convicted murderer was to be electrocuted.

Judge John D. Butzner Jr. of the 4th U.S. Circuit Court of Appeals granted the stay because of what he called questions surrounding the constitutionality of Virginia's death-penalty law. A spokesman for the state attorney general's office said he was not sure what the state's next step would be.

Mr. Coppola, 38, was convicted of the murder and armed robbery of Muriel Hatchell, 45, of Newport News, in 1978. He has maintained that he is innocent but ended his appeals in March, dismissed his attorneys and asked for an execution date this summer to spare his teen-age sons from schoolmates. Earlier Tuesday, his former lawyer filed an unauthorized request to delay the electrocution and Judge Butzner responded to it.

### Strike Called at British Newspapers

LONDON — Britain will be without its national newspapers Wednesday because of a 24-hour walkout by Fleet Street electricians in sympathy with the nation's striking health workers.

The electricians Tuesday defied a High Court ban on sympathy-strike action by Fleet Street's newspaper unions and decided to go ahead with the stoppage. At an emergency meeting, newspaper proprietors faced with an estimated £1-million loss, were preparing a contempt-of-court action that could send some officials of the electricians' union to jail.

In the health workers' strike, nurses, cooks, porters and laundry staff joined picket lines to protest a government's pay offer. An estimated 1,500 hospitals were on emergency duty only as a result of the selective strikes by members of the health workers' unions aimed at winning a 12 percent pay increase.

### Moon Wins Case Against Deportation

NEW YORK — Sun Myung Moon won a legal victory Tuesday when a U.S. judge ruled he could not be deported on account of his conviction for tax evasion.

District Judge Gerard L. Goettel said it would be "an excessive penalty" for Mr. Moon to receive an 18-month prison term; a \$25,000 fine and deportation as well.

Judge Goettel, who sentenced the Korean-born head of the 3 million members of the Unification Church on July 16, said his ruling did not preclude deportation hearings based on allegations that Mr. Moon made false statements when he entered the country 10 years ago.

### Salvador Shake-up Reported Foiled

SAN SALVADOR — U.S. and Venezuelan diplomats helped block an attempt by rightist parties Tuesday to oust three government ministers, leaders of the Christian Democratic Party said.

The two rightist parties, ARENA and the PCN, had planned to oust the independent minister of defense, Gen. Jose Guillermo Garcia, along with the Christian Democratic ministers of labor and the economy, the party leaders said.

"With the help of the U.S. and Venezuelan governments, it was possible to halt an action equal to what occurred recently in Panama," said a high Christian Democratic party official, who requested anonymity. Panama's National Guard ousted the country's civilian president July 30, in a move that apparently paved the way for an military officer to assume the presidency after elections in 1984. The U.S. Embassy said it had no knowledge of its reported role in preventing the shake-up.

### Warsaw Warns Against Union Protest

WARSAW — The Politburo served implicit notice Tuesday that it would counter any demonstrations by the Solidarity underground to mark the second anniversary of the union's formation this month.

"It was underlined that extreme and factional forces want to exploit the existing difficulties and the occasion of the second anniversary of the August events to sow unrest and create growing threats to the nation's and the state's existence," said a communiqué issued after a regular Politburo session. "Society clearly declines itself for order, security and peace," it said.

Underground leaders on July 31 issued an appeal for mass demonstrations Aug. 31 to mark the second anniversary of the workers-state agreement that ended the shipyard strike in Gdansk in August, 1980, and signaled the formation of the Solidarity union.

Compiled From Agency Dispatches

## China Serves as Flawed Haven For Vietnamese Refugees

(Continued from Page 1)

another 1,248 refugees from Indo-china.

"It happened so suddenly that we were not prepared," recalled Li Muguil

## Reagan Blunts Revolt Against Tax Increase By Recruiting a Foe

By George Skelton  
and Robert A. Rosenblatt  
*Los Angeles Times Service*

**WASHINGTON** — President Reagan made the momentum of a conservative revolt against his proposed tax increase Monday by signing up one of the revolt's leaders, former White House political director Lyn Nofziger, to spearhead a promotion campaign for the legislation.

There were also signs that another of the rebels against the tax increase, Martin Anderson, would switch camps and help Mr. Reagan fight for the legislation. Mr. Anderson is a former White House domestic policy adviser.

Mr. Nofziger and Mr. Anderson were key participants last week in a meeting called by conservatives to plan a strategy against the proposed tax increase.

### Group Opposed Tax Plan

The group, which included the longtime Reagan ally Rep. Jack Kemp, Republican of New York, issued a statement urging opposition to the proposal that over three years would raise \$38.5 billion and cut government spending by \$17.5 billion.

But when Mr. Reagan heard of the meeting, he quickly summoned his two former aides to the Oval Office for a lecture on loyalty and economics. "I think there was some indication he wasn't really happy," Mr. Nofziger said Monday.

Despite the return of Mr. Nofziger to the president's camp, the tax bill is still strongly opposed by many conservative Republicans in the House.

Unless the president gets their endorsement, the bill is likely to fail.

Leaders of the Democratic ma-

### Faulty Anesthesia Cited In U.K. Surgical Deaths

*The Associated Press*

**LONDON** — Faulty anesthesia techniques in British hospitals may be causing up to 280 deaths a year, according to a report issued Tuesday by the Association of Anesthetists.

The report was based on all the deaths associated with surgical operations in 3,700 British hospitals. It said that one in 10,000 patients dies directly as a result of faulty anesthesia techniques, which represents about 280 patients a year, and that most of these deaths were avoidable. It added that in a further 1,800 deaths after surgery, anesthesia was thought to be partly responsible and avoidable.



## U.S. Seeks Less Busing Of Pupils in Louisiana

By Ronald J. Ostrow  
*Los Angeles Times Service*

**WASHINGTON** — The Reagan administration called Monday for scaling back forced busing in a Louisiana school district where two years ago the Carter administration had urged substantially more busing to achieve desegregation.

In this regard, Mr. Nofziger said that he had advocated that Mr. Reagan go on national television in an effort to convince the public that a tax increase is necessary to reduce the federal deficit and help bring down interest rates. He said the president was "leaning toward it."

Mr. Nofziger added that Mr. Reagan "doesn't think he's being inconsistent" in supporting a huge tax increase after last year having pushed through a record tax cut, which reduced federal revenues by \$44 billion over four years.

The president still does not believe last year's tax cut was too big, Mr. Speakes said. When told that Malcolm Baldrige, the commerce secretary, now thinks it probably was, Mr. Speakes replied: "So what?"

Mr. Nofziger said that although the battle in the Democrat-controlled House would be difficult it was "winnable" and "we don't intend to lose."

Some administration and congressional advocates of the tax bill expressed optimism for the first time Monday about the legislation.

The department recommended remedies "less intrusive" than mandatory busing such as modified attendance zones, voluntary transfers and magnet schools.

The Department of Justice brief was the latest development in the 26-year desegregation suit brought by a group of black parents two years after the Supreme Court's landmark 1954 decision that ruled that separate but equal schools are unconstitutional.

A desegregation remedy intended to eliminate one-race schools that drives large numbers of students out of the system can hardly be reckoned effective," William Bradford Reynolds, assistant attorney general for civil rights, told the appeals court.

The department said that in the two years since it had urged busing, "we have had occasion to re-

**Ravenna Shakeen by Quake**  
*United Press International*

**RAVENNA, Italy** — An earth tremor shook the area around this coastal city early Tuesday, causing panic but no damages or injuries, police said.

## Governors Cautioned On 'Buy American' Bill

By David S. Broder  
*Washington Post Service*

**AFTON, Okla.** — William E. Brock, the U.S. trade representative, appealed to the nation's governors Monday to help defeat "Buy American" legislation at the state and federal level that he said could plunge the world into a depression as serious as that of the 1930s.

"It took World War II to bring the resulting depression to an end," he said, adding, "To forget that history is dangerous and unwise."

Violate every agreement we have made and break up the international trading system," he said.

He said that "under very similar circumstances" in the 1930s, Congress passed the Smoot-Hawley tariff, which "brought world trade to a crashing halt."

"It took World War II to bring the resulting depression to an end," he said, adding, "To forget that history is dangerous and unwise."

### Warning on Subsidies

Mr. Brock also warned that state "Buy American" laws would only make matters worse. He caucused the states not to adopt export subsidy programs, which he said would damage progress the federal government has made in stemming abuse of such subsidies by other countries.

The bill, which would require an auto manufacturer to produce a certain percentage of a vehicle in the United States if it is to be sold in the United States, "would

make things worse," he said.

Gov. William P. Clements of Texas, a Republican, asked Mr. Brock what the government was doing to open the Japanese market to Texas beef. "Our cattle people tell me they can't get a steer off the boat in Tokyo, there's so much regulation," he said.

Mr. Brock replied that Japan was the United States' best customer for agricultural goods and that it would purchase \$7 billion in farm products this year. "Beef and citrus products are the only things they try to exclude," he said.

"Parents with the means to withdraw their children from public school have often done so, leaving behind public school systems threatened with transformation into 'the preserve of the disadvantaged of both races,'" the department said.

At the same time, the department urged the appellate court to uphold a lower court ruling that the East Baton Rouge Parish School Board had failed to dismantle its illegally segregated system.

The department recommended remedies "less intrusive" than mandatory busing such as modified attendance zones, voluntary transfers and magnet schools.

The Department of Justice brief was the latest development in the 26-year desegregation suit brought by a group of black parents two years after the Supreme Court's landmark 1954 decision that ruled that separate but equal schools are unconstitutional.

In May, 1980, the department proposed a remedy for achieving maximum desegregation that was intended to leave no single-race schools among the 113 schools in East Baton Rouge. The plan relied heavily on the pairing and clustering of one-race schools that occurred in the 1980s.

Pairing is the process of mixing classes from what had been one all-white school with those from an all-black school. Clustering is the same process involving three or more schools.



**COMING HOME** — The Hjemkomst, a 75-foot replica of a Viking long ship, arrived Monday at Oslo's Hommørbrygga (Pier of Honor) after a transatlantic voyage that began in Duluth, Minn. The ship, whose name means Homecoming in Norwegian, was designed by a Minnesota teacher and was said to be the first vessel of its kind to make the trip from the U.S.

## Strengthening of Secrecy Order Unjustified, U.S. Lawmakers Say

By Robert Pear  
*New York Times Service*

**WASHINGTON** — A congressional committee says it can find no justification for President Reagan's order giving federal officials broader authority to withhold information from the public on grounds of national security.

However, Rep. Glenn English,

chairman of a subcommittee that already has endorsed the report's findings, said Monday that he was "sorely tempted" to introduce the previous executive order as legislation, superseding the Reagan decree.

Rep. English, an Oklahoma Democrat, said the Reagan order

"reverses a trend that has been in effect for nearly 30 years" toward greater availability of government information.

Classification rules often determine whether information will be made available to Congress, government contractors, scientists, researchers, journalists, and others, the House committee report notes.

"In addition," it says, "the order has a direct and immediate impact on the availability of information under the Freedom of Information Act." Documents properly classified under the presidential order are exempt from disclosure under the Freedom of Information Act.

Thus, the report says, "an expansion of the security classification rules means that agencies will be able to withhold more information from the public."

The report expresses concern about a section of the Reagan order giving government officials the authority to "declassify" information that has been declassified. In hearings before the subcommittee, federal officials said they would not ordinarily use physical force or illegal entries to recover documents, but, according to the report, they refused to rule out such tactics.

The study notes that the Carter order established a basic classification period of six years for most documents. The Reagan order says that information shall be classified "as long as required by national security considerations."

The committee found that "the Reagan administration made no effort to inform the public of its plans to revise the security classification rules or to solicit public comments at a meaningful time during the revision process." In addition, committee members "expressed frustration that no administration witness was willing to appear" at a public hearing in March to explain the purpose of the changes in a draft order.

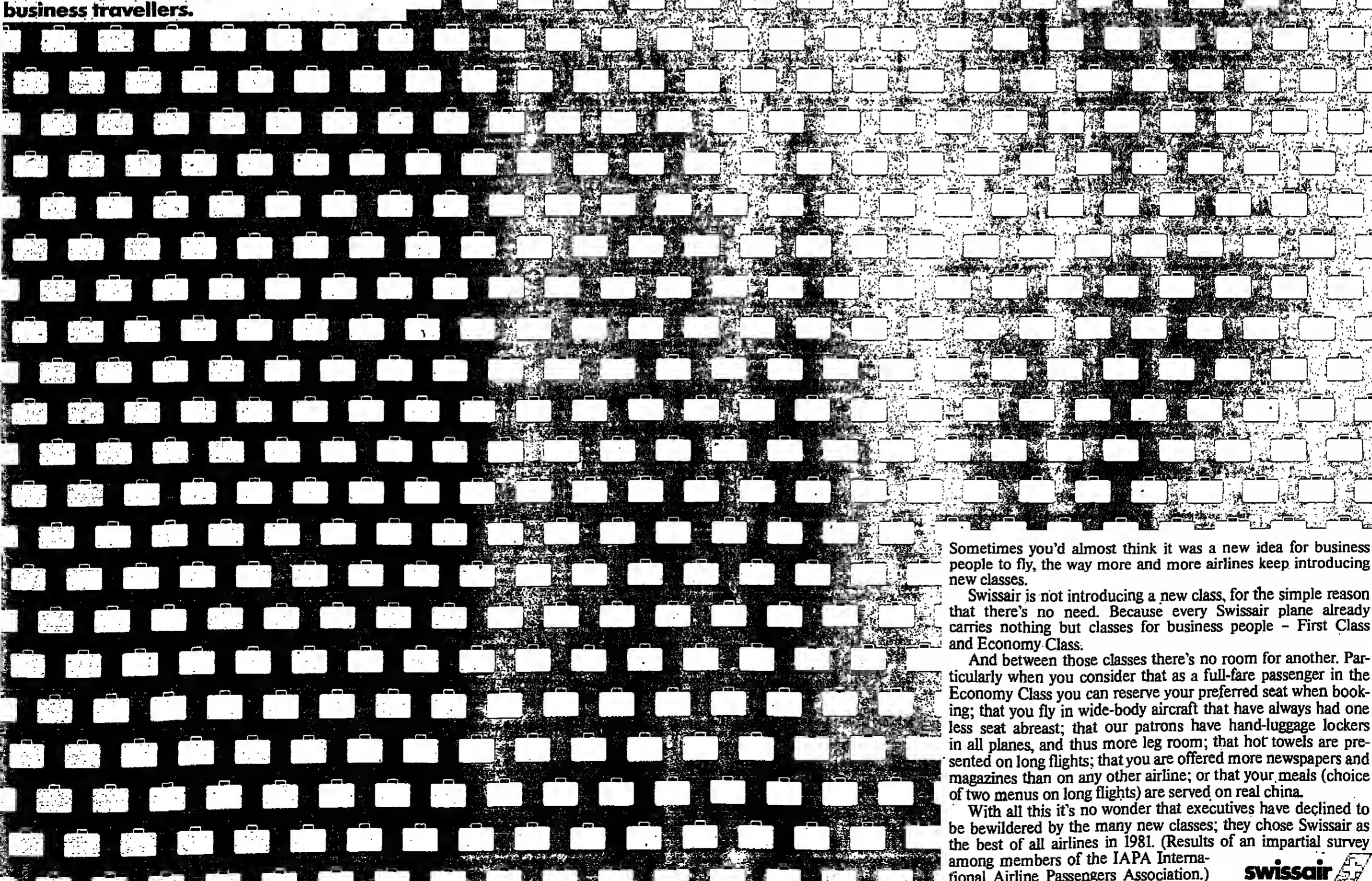
## Cuba Aide Is Reported To Ask Asylum in Spain

*Reuters*

**MADRID** — A senior Cuban official has defected in Spain, Inter-

ior Ministry sources said Tuesday. They said Luis Negrete, director of a state-owned steel plant, entered Spain last month and applied at a police station for refugee status.

**Swissair regrets it is unable to introduce something it has always had: a class for business travellers.**



Sometimes you'd almost think it was a new idea for business people to fly, the way more and more airlines keep introducing new classes.

Swissair is not introducing a new class, for the simple reason that there's no need. Because every Swissair plane already carries nothing but classes for business people — First Class and Economy Class.

And between those classes there's no room for another. Particularly when you consider that as a full-fare passenger in the Economy Class you can reserve your preferred seat when booking; that you fly in wide-body aircraft that have always had one less seat abreast; that our patrons have hand-luggage lockers in all planes, and thus more leg room; that hot towels are presented on long flights; that you are offered more newspapers and magazines than on any other airline; or that your meals (choice of two menus on long flights) are served on real china.

With all this it's no wonder that executives have declined to be bewildered by the many new classes; they chose Swissair as the best of all airlines in 1981. (Results of an impartial survey among members of the IAPA International Airline Passengers Association.)

**swissair**

# INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

## Out of Beirut's Ashes

From THE WASHINGTON POST

It is encouraging that the Israelis, the Lebanese and the Palestinians are squabbling over such things as the timing of the PLO guerrillas' departure from Beirut — whether it should be before, during or after the arrival of a multinational peacekeeping force. The principle of the guerrillas' withdrawal is now accepted on all sides. It is only the details that need working out, and while they are important details that express the immense distrust separating the parties and that could delay or even halt the onset of withdrawal, the process now appears irreversible. Beirut, battered and bloody as it is, can hope to be the total flattening that seemed quite probable just a few days ago.

Characteristically, even in this phase of division, the Israelis are taking the view that only their own threat to apply force, not anyone else's word, can count on to secure a satisfactory outcome. But much of the future of Beirut and Lebanon hinges on a readiness to allow others the time and space to make good on their political commitments. If Israel is determined to make its might the only arbiter, then the Lebanese have little to look forward to except an indefinite occupation by Israel and its local allies.

Such a development would be profoundly "un-Lebanese" — antithetical to the natural pluralism of Lebanon. It could throttle what prospects there are for building something

better out of Beirut's ashes. Just what does Israel wish to build from the ashes? Or, more to the point, what does Ariel Sharon, the defense minister and the driving force of the Lebanese operation, wish to build?

Evidently, he hopes to destroy the PLO militarily and politically by way of closing off all expressions of Palestinian nationalism in the West Bank. It could yet turn out, however, that his invasion will have been his point of view a strategic blunder: the single act that made it necessary — others might say possible — for Palestinian nationalism to be fairly accommodated. If that is so, then one begins to understand the apprehension that Mr. Sharon has been showing over the way the siege is winding down.

Two visions hover over Beirut. The first is that of a rule imposed by force in the name of the superior claims of one of the combatants. Mr. Sharon and the mirror-image figures in the PLO hold this vision, from opposite sides. The second is the vision of a shared future in which the interests of the different parties are somehow honorably bargained out. This is the vision being elaborated now in U.S. diplomacy in the mission of the selfless and brilliant Philip Habib. The service he is performing goes far beyond the imperative of ending one city's agony. He is setting — resetting — the political model for working out the future of the region as a whole.

## Moscow's Cruel Routine

From THE NEW YORK TIMES

Why would a 29-year-old photographer refuse all food for 51 days and starve himself to the point of death? Sergei Petrov offered this explanation to a Times correspondent in Moscow: "You speak to me of logic, but out there is a society that for me has become totally illogical. I have no job, and they will not give me one. They deny me the right to seek a future elsewhere. Above all, they deny me the right to live with the woman I love, and to have a family. In the face of this, you ask me to act logically?"

Sadly, Mr. Petrov's despair is far from unique. He is one more casualty of a system that needs continually to advertise its meaning, so that no other young photographers will repeat Mr. Petrov's error of falling in love with a foreigner, especially an American. In ombuds routines, these are some recent tidings from the Soviet Union:

• A Moscow house once inhabited by Igor Stravinsky was deliberately razed in this centennial year of the composer's birth — as a spiteful reminder that his genius is suspect.

• Plainclothes security police officers in Moscow treated as criminals a dozen demon-

strators who dared, without permission, to march for disarmament.

• Aleksandr Lerner, age 69, a former university professor, after a decade is still waiting for an exit visa to Israel, or an explanation why he and other Soviet Jews have been denied visas. "I have tried to extract the criteria the authorities use," he said, "but my scientific theory is not strong enough for such complicated matters."

• "Peace March '82" ended with 300 Scandinavian visitors being compared to Nazis when they refused to attend a rally at a town named Katyn. At another Katyn, in Poland, thousands of Polish officers were slaughtered by Soviet troops in 1943, and mere mention of that massacre brought a frenzy of denunciations on the visitors.

What these reports have in common is their affront to the accords signed seven years ago at Helsinki. These bound the Soviet Union and 34 other countries to freer movements of people, goods and ideas. Other signers may have no means of enforcing compliance with a treaty signed by President Brezhnev. But they can and should cry shame.

## Hard Times for Canada

From THE WASHINGTON POST

Pierre Trudeau, prime minister of Canada almost continuously for the last 14 years, has made the Canadian sense of nationality his central work. Especially over the past two years, he has bent all the country's economic and oil policies to that purpose. Unhappily, it is working out badly.

He took large risks, and has been betrayed by events. His plans never foresaw the scale of the current inflation, or the decline in oil prices. He attempted to hold down oil prices for consumers while using oil revenues to finance a stronger central government. He was determined to reduce the proportion of Canadian industry, particularly the oil industry, that is controlled by foreign companies. The whole concept required an international boom that never happened.

Currently, the atmosphere of uncertainty and anxiety over the economy is even more oppressive in Canada than in the United States. Both unemployment and inflation are now higher in Canada. Discrimination against foreign investment has created a capi-

tal shortage, resulting in a falling Canadian dollar. Some Canadian companies, struggling to expand in the Trudeau spirit, have run up debts on a scale threatening not only themselves but their lenders in the banking system. Wages continue to rise rapidly, despite the numbers of people out of work. The Canadian labor movement, strongly influenced by its British counterpart, regards wage settlements out as economics but as political issues to be fought out with the government.

Under leadership less able than Mr. Trudeau's, Canada might easily have broken into several separate countries in the 1970s. Americans, with their own strongly defined nationalism — which, of course, they never consider as such — are the last people to complain about the Canadian variant. Probably Canada will shortly be under new leadership, but still distracted by domestic quarrels and abrasive in dealings with its large neighbor. Americans may not like that much, but the state of their own economy gives them reason to understand why it is happening.

The Chinese have made it increasingly plain that when the Hong Kong question finally comes under discussion, they will have two main aims. The first will be to maintain Hong Kong's prosperity as a free port; the second, to establish ultimate Chinese sovereignty over the whole territory.

Any agreed settlement which to incorporate both aims will inevitably have to leave the functioning of the territory much as it is. — The Daily Telegraph (London).

## Other Editorial Opinion

### Atrocity in Paris

Their egregious atrocity is but the latest in a long series which raises disturbing questions about the French approach to terrorism.

French functionaries up to and including the president refer to the long and honorable national tradition of accepting refugees and granting asylum. Nowadays, however, most nationalist, revolutionary or revisionist movements are more impatient or desperate than they used to be and each tends to have its terrorist arm. This uncomfortable fact does not seem to have occurred to the French authorities, despite the depredations of Armenian caudillos, Syrian bombers and cow killers who think they can influence or redress the actions of Mensheviks by begin butchering Parisians.

— The Guardian (London).

When [Prime Minister] Thatcher visits China next month the future of Hong Kong will be high on the agenda for her talks. Uncertainties over Hong Kong's future have begun to accumulate because of the approach of 1997, the year when Britain's lease on the New Territories runs out.

The Chinese have made it increasingly plain that when the Hong Kong question finally comes under discussion, they will have two main aims. The first will be to maintain Hong Kong's prosperity as a free port; the second, to establish ultimate Chinese sovereignty over the whole territory.

Any agreed settlement which to incorporate both aims will inevitably have to leave the functioning of the territory much as it is.

— The Daily Telegraph (London).

### AUG. 11: FROM OUR PAGES 75 AND 50 YEARS AGO

#### 1907: Out of the Slums

LONDON — Lloyd's News comments: "Thanks to the efforts of housing reformers, a sense of house pride has arisen among that class of the people who, 20 years ago were content with cellar dwelling and homes in the slums. Every year 13,000 families leave the inner London for the suburbs, where the County Council has built clean and sanitary houses to which the County Council transports the people rapidly and cheaply." The Observer supports a plan for date advanced at the School Hygiene Congress. "It would be an excellent thing if dancing could be reintroduced in this country as a part of the physical education of children in the schools."

#### 1932: Spain's Royalists

MADRID — Spanish Monarchs are in possession of Seville following an uprising that cost a dozen lives in Madrid before the outbreak was put down here. Scores of Royalist supporters in other parts of Spain have been arrested. Troops are being rushed to Seville by Republican authorities and a battle is imminent. A government statement says the uprising has been suppressed at all other points. Monarchist supporters led by Gen. José Sanjurjo, commander of the Seville barracks corps, and former chief of the civil guard under King Alfonso, are in control of the city. All communications between Seville and Madrid have been interrupted.

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## The Deficit Debate

### U.S. Needs Amendment to Balance Budget

By David A. Stockman  
The author is director of the Office of Management and Budget

Washington — Critics of the pending balanced budget limitation constitutional amendment have used many arguments, from the sophisticated to the vituperative. But few, if any, of them have come to grips with the desperately serious problem that this amendment is designed to solve.

The problem is the inexorable tendency in modern industrial democracies for government spending to grow faster than the economy, and the companion tendency for both taxation and government deficits to rise along with it. This, in my view, is a central cause of the faltering of the economies in the United States and Western Europe — which means quite simply a deterioration of our well-being.

Only the rarely used device of a constitutional amendment is likely to cure this debilitating disease. This past week, two-thirds of the members of the Senate showed by their votes that they had reached that conclusion. It is insulting to suggest, as some have done, that 69 senators voted the way they did because of politics.

The underlying problem itself is readily described. In the 1950s and the first part of the 1960s, before the "Great Society" programs and the explosion of entitlements, federal spending averaged 18 percent of the gross national product. This year it will be 24 percent — an increase in the federal share of fully one-third in the past 15 years.

In Western Europe, the figures are even more dramatic, as illustrated by the 10 countries of the European Common Market. In 1960, government spending was 32 percent of gross national product in these 10 countries. This year it will be a staggering 50 percent of GNP — half the economy.

On both sides of the Atlantic, the explosive rise in government spending, particularly in the last 10 years, has been accompanied by a rise both in taxes — which are unavoidably a burden on the economy and its expansion — and government deficit. The United States, as we all know, has had a balanced budget since 1969 and the deficit is now in excess of 3 percent of the GNP. In the Common Market countries this year, deficits will average 5 percent of GNP. Deficits are also a burden on the economy in one fashion or another — notably, at present, through interest rates.

These dreary numbers are essentially the culmination of the modern welfare state. It is important to realize that the enormous growth of spending, taxation, and deficits has been associated with a deterioration of nearly all of the measures of economic performance: inflation, unemployment, investment in plant equipment, productivity, real in-

comes, even poverty. Western Europe is now in the worst economic shape since the period immediately after World War II, following years of success that came to be known as the "economic miracle." The miracle has turned into a tale of woe.

Now the question becomes, how do we deal with this disease? It is not good enough to say that it is cured by responsible fiscal discipline — that is, a combination of the kind of fiscal and attitudes in the present Congress make clear that there is a strong inherent bias toward overspending, but such control is entirely welcome.

Second, revenues each year could rise no more than the increase in the national income in the preceding year or several years.

The two together deal with the disease in its several aspects — growth of spending faster than the economy, and a chronic tendency toward deficit.

The United States and its legislature will not be shackled by the critics' maintains but we shall at least have to make an explicit decision if we want government to go on growing as it has been growing. Now the growth is insidious, unplanned, almost automatic. A cure for the disease is essential if we are to prosper, and the constitutional amendment is the only cure that I believe is likely to be fully successful.

The New York Times



"I'm always true to you, darling, in my fashion."

### Seeking to Change the Constitution Would Be a Political Sham

By James R. Jones

Democratic Representative from Oklahoma, and chairman of the House Budget Committee

WASHINGTON — Before the United States jumps headlong into placing an economic formula in the Constitution — something our Founding Fathers debated but avoided — Americans should demand that Congress study the amendment and its likely results rather than merely voting on election-year slogans.

There can be only two results if the amendment is adopted. The most likely is that it will, mirror Prohibition — a sham. Congress will probably do what many state legislatures do with similar constitutional structures. It will develop several budgets — a capital budget, an operating budget, a trust fund budget, and off-budget expenditures of future governments as adept as this one at painting false images through the media and avoiding tough economic decisions. They will find a technical way to comply. But the net result will still be large federal borrowing which will raise inflationary risks and keep upward pressure on interest rates.

The public will ultimately see it for what it is — another sham.

A second possible result is that it would be enforced, and thus fundamentally change the checks and balances of the three branches of the federal government.

Many of our constitutional advisers believe that if a law suit were brought to enforce the amendment, the courts could rule in one of two ways. First, they could grant broad new powers to the president, such as line-item vetoes or indiscriminate impoundment authority. Second, the federal courts themselves could determine the spending priorities. In either case, the Congress would become significantly inferior to the executive and judicial branches.

If no programs were protected, an across-the-board cut of 23 percent would be needed. That

would require for starters, cuts of about \$70 billion in defense, \$60 billion in Social Security and Medicaid, and \$6 billion each in unemployment compensation and veterans' programs.

How did we get into this dilemma? Republicans and Democrats must share blame. For too many years in the 1970s, Democrats ignored the signpost of public concern over runaway federal fiscal policy. Last year, Republicans, led by President Reagan, sold the American people on an untested economic theology that says you can cut taxes three times more than you cut spending and still have a balanced budget by 1984. Instead, the Reagan administration gives us more national debt in four years than was accumulated in the past 20. About \$700 billion will be added to the national debt by Reagan.

But now it is election time when the voters demand that politicians account for their promises. Last year, the administration and the majority of its supporters in Congress promised the deficit would be \$43 billion this year and the budget balanced by 1984. Instead, the deficit will be about \$110 billion this year and, even with the tax bill and spending cuts assumed in the budget resolution, about \$150 billion in 1984. This, despite the fact that Congress gave the administration everything it said it wanted in the major slowdown votes on the budget, reconciliation, and tax bills.

Instead of admiring that the policies are not reaching the promised goals, many of those who were most vocal for Reaganomics are now trying to cover up those mistakes by hiding behind a constitutional amendment scheduled to take place sometime in the politicians' distant future.

The New York Times

### LETTERS TO THE EDITOR

#### Palestine Surprise

I was astounded to read the response of the Jordanian ambassador in Bern (*Letters, July 22*), criticizing an earlier letter by Mr. Scott Gordon. Jordan's representative in Switzerland asserted that Mr. Gordon "falsifies history and misrepresents facts."

For King Hussein's emissary to go on to state that "Jordan was a separate autonomous entity and never part of Palestine" given his alleged commitment to historical truth is surprising.

The Palestine Mandate, granted to Britain at the San Remo Conference in 1920 covered the area comprising what is known today as Jordan and Israel (including territories gained in 1967, with the exception of the Sinai). The area east of the Jordan River was separated from Palestine by Britain in 1921 and given to Emir Abdullah. It was then named Transjordan, but renamed a part of the British Mandate. Transjordan became the independent state of "Jordan" in 1946.

It is therefore easy to understand the existence of a Palestinian majority in today's Jordan (née Transjordan, née eastern Palestine). It is, however, difficult to accommodate the envoy's claims of Jordan's help to

in considering the pipeline sanctions, what is important is that our administrations are not elected by Europeans and therefore our alliance is not a four-year contract.

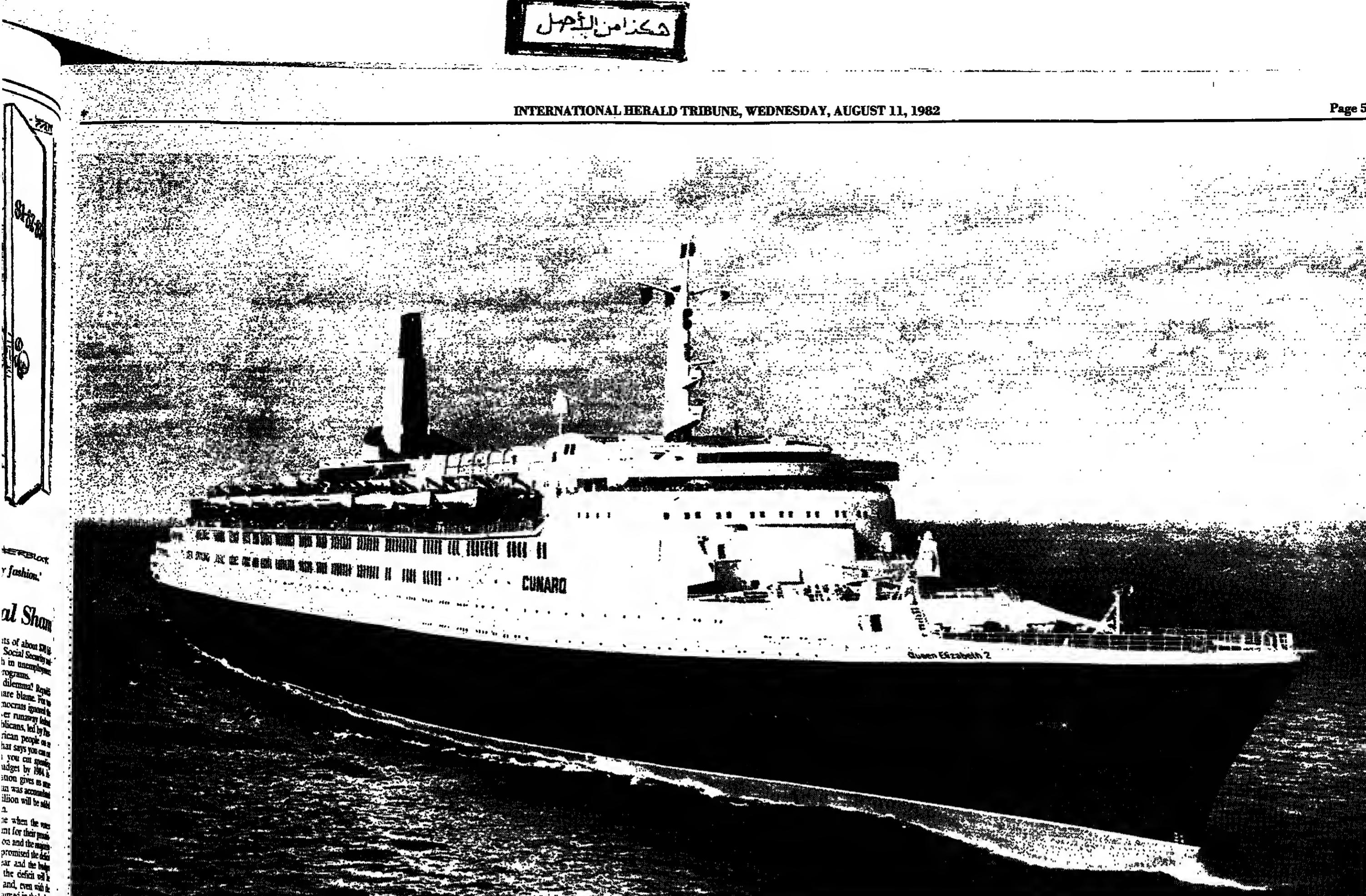
Our relationship with Europe requires policies to be synthesized based upon objective analysis free from ideological flavors. If the United States does not listen to Europe's needs and synthesize those possible to be met by our policies we will continue to be viewed with dismay.

RAYMOND L. FLANAGAN.

Istanbul.

#### The Simple Pravda

Regarding "Report Urges Reagan to Keep VOA Unbiased, Devoid of Propaganda" (*IHT, July 23*): As an American I cannot help but applaud the findings of the independent commission concerning the frightening changes in broadcast policy on the part of the International Communications Agency. Operating in an environment of blatant censorship and propaganda, it should be self evident that VOA's credibility is its most precious asset."



The greatest ship in the world will soon be restored to her full glory. From August 14th you'll once again be able to enjoy a style of travelling which has all but disappeared. You can now look forward to all these opportunities to discover the fine cuisine, attentive service and host of facilities which help to make a QE2 voyage a unique delight.

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# Collapse of Centrists Leaves Spain Fearing A Left-Right Division

By James M. Markham

*New York Times Service*

MADRID — Against the backdrop of the normally languid summer holiday season, the center-right party that governed Spain through a difficult transition to parliamentary democracy has fallen apart.

Long in the making, the disintegration of the Union of the Democratic Center was almost completed recently when Adolfo Suárez,

**NEWS ANALYSIS**

who founded the party and as premier led it to victory in two general elections, announced that he was forming another party of his own.

Mr. Suárez was only the best-known politician to jump the lists of the Democratic Center ship. As early parliamentary elections this fall became inevitable, three other factions broke away to form parties of their own.

Since Mr. Suárez cobbled together the Union of the Democratic Center after Franco's death in 1975, factionalism, personality clashes and an absence of ideological discussion have been its most salient features. His charisma as premier and a fear in the electorate of abrupt change carried the party to victory in 1977 and 1979. But factional squabbles, attacks by the Roman Catholic Church and a loss of King Juan Carlos' confidence led to his resignation in January.

**Premier Lacks Power**

His successor, Leopoldo Calvo Sotelo, now sees his minority government's parliamentary base shrinking almost daily. And a shake-up in what remains of the democratized Democratic Center has deprived him of much power. It appears that after Mr. Calvo Sotelo dissolves Parliament in the fall, Laredo Lavilla, the new party president, will be its candidate for premier.

The dissolution of Parliament will signal the start of an electoral race between a united Socialist Party, strongly favored in most opinion polls, and a badly splintered right and center-right, which represent the economic forces that have run Spain for most of this century.

Most of the desertions from the Democratic Center are explained by politicians' desire to figure on electoral lists, and some of those leaving the party have already started bargaining to get on the coattails of Manuel Fraga Irribarren, chief of the rightist Popular Alliance.

By leading his party to victory in regional elections in Galicia and an impressive second-position

showing in Andalusia this year, Mr. Fraga, a reformist information minister under Franco, contributed to the undoing of the Democratic Center and gave other rightists an alternative to the government party.

"There are those who consider a Socialist victory inevitable," Mr. Fraga said in a recent interview. "I am not one of them. But the problems of society are growing, and the capacity to resolve them is declining."

Since the end of the civil war in 1939, Spaniards have been hampered by the fear of another polarization of the country into hostile left and rightist camps. The inconsistent but disappointing search for the "center" of Spanish politics by Mr. Suárez and others reflects such concern, now sharpened by the likelihood of an electoral confrontation between the Socialists and the Popular Alliance.

Though beset by a deep economic crisis, the Spain of 1982 is not the same nation that in 1936 erupted in class warfare. Under Franco, a middle class came into being, and some of its preoccupations are voiced by Felipe González's Socialists, who are no longer the firebrands of the 1930s.

Easily the most popular politician in Spain, Mr. González now offers a tranquilizing program of democratic consolidation and administrative modernization, shorn of French-style lists of companies to be nationalized. Even if the Socialists should win an outright majority in Parliament — a possibility if the right remains divided — he seems likely to incorporate moderate independents into his government to appease bankers, the church and the military. Even so, many people on the right remain suspicious of the Socialists, trusting Mr. González, perhaps, but fearful of party radicals.

Finally, there is the military, far-right officers of which attempted a coup in February, 1981. Alberto Oliart, the civilian defense minister, has said he does not believe that the conservative Spanish military establishment is afraid of a Socialist electoral victory.

Right-wing grumblers in the armed forces hierarchy have been quiet lately, as have the Basque terrorists who so provoked them at the time of last year's attempted coup. But history and recent experience have shown that the Spanish military has often been dragged into political action by like-minded civilians.

The military's comportment in the coming months will be conditioned by how the right absorbs defeat by the Socialists or manages to unite and pull off an upset victory of its own.



A Scots Guardsman, Philip Williams, who disappeared for seven weeks on the Falklands after the end of the war with Argentina, arrived Tuesday at Brize Norton Air Force Base, near Oxford, for a spirited homecoming celebration with his mother, right, and other relatives and friends.

## Argentine Military Seeking to Bar A Review of Human Rights Cases

By Jackson Diehl

*Washington Post Service*

BUENOS AIRES — Argentina's new army government, haunted by the thousands of disappearances and other human rights offenses attributed to military rule, is seeking to curtail any review of the alleged abuses before allowing a civilian government to take power.

Gen. Carlos Cerdá, the army's legal counsel and secretary of the Interior Ministry, said in an interview that the army was studying a proposed decree that would protect military officers from being investigated in connection with the disappearance of 6,000 to 15,000 Argentines during the late 1970s.

Gen. Cerdá confirmed previous government statements that the military did not intend to provide a list of those who disappeared or an account of what happened to them. Most are now presumed to have been killed by government security and paramilitary forces.

Gen. Cerdá's remarks tended to confirm reports by political leaders and analysts that the army leadership of Gen. Reynaldo Bignone intended to make few concessions on sensitive human rights issues while arranging the transition to civilian rule in 1984.

Protective Legislation

Military leaders, who argue that they describe as a "dirty war" against terrorists was justified, have insisted that no investigation of alleged human rights abuses will be allowed. Past military administrations have hinted at a plan for banning investigations or granting amnesty to military officers, and

Gen. Cerdá's remarks indicated that protective legislation was being considered.

While the Argentine government's apparent plan for a pre-emptive decree has alarmed human rights activists, much of Argentina's political leadership now appears willing to quietly strike an agreement with the armed forces on the question of the thousands of missing.

"The politicians don't want to put forward human rights problems because they are afraid that if they do, there will be no elections," said José Federico Westerlamp, a leading Argentine scientist and human rights activist, who recently was imprisoned for criticizing Argentina's court system.

Military officials have discussed the issue informally with party leaders, and political sources now say an agreement could be reached to allow the decree in exchange for a general public explanation of the official violence by the military.

France Lifts Embargo

PARIS (Reuters) — France confirmed Tuesday that it has lifted its embargo on arms deliveries to Argentina.

France is the first country in the European Economic Community to end the embargo, which was imposed by all 10 member states when Argentina seized the Falkland Islands in April.

French contracts include those for Super Etendard aircraft, which are equipped with Exocet air-to-sea missiles.

### Soldier Returns Home

BRENTON NORTON, England (AP) — An 18-year-old Scots Guardsman who emerged from the wilds of the Falkland Islands after disappearing for seven weeks was found safe and well in the home of the Chilean ambassador while seeking political asylum in that country.

They were identified as Luis Posada Carriles, a Cuban opposed to the regime of President Fidel Castro, and Hernán Ricardo, a Venezuelan. They had been accused of planting bombs on a Cuban Airline jet that exploded off the coast of Barbados in October, 1976.

French officials said they had been

listed as missing and presumed dead for 48 days. Philip Williams was in a stretcher-bearing party during the crucial battle for Tumbledown Mountain on the outskirts of the Falklands capital of Stanley. He became separated from his unit just hours before the Argentine surrender on June 14.

Unaware that the war was over and disoriented, he lay low, surviving on army rations before he finally stumbled into a remote farmhouse on Aug. 1. His family had already held a memorial service for him.

From space, photos of the New

Jersey Pine Barrens show the largest stretch of empty land without major cities or towns along the Eastern seaboard between Richmond, Va., and Portland, Maine.

The photos fail, however, to reveal the natural beauty that lies beneath the Pine Barrens sandy, porous soil: a huge reservoir of pure water, enough to fill a lake covering 2,000 square miles (5,200 square kilometers) to a depth of 37 feet (11 meters). Such a water source could, if tapped, supply all of New York City's needs indefinitely.

But the water supply is being threatened. One of the nation's most toxic chemical dump sites lies on the edge of the Pinelands, endangering the quality of Atlantic City's drinking water.

### Precautionary Measures

Officials at that seaside gambling resort have taken steps to protect water during the summer tourist season, when millions of travelers and conventioners flock to casinos. Some wells have been pulled out of service and special filters have been installed should they be needed. Atlantic City has improved its treatment plant, so that additional reservoir water can be processed.

City lines have been connected to the New Jersey Water Co. to tap wells outside of the contamination area.

"I think we have taken reasonable steps and have reasonably protected the city from the problem," said Ted Goldfine, executive director of Atlantic City's Municipal Utilities Authority.

But a long-term solution must be found.

When the Environmental Protection Agency filed suit last year against the operators of the chemical dump, Price's Pit, federal lawyers called the seepage from 900 million gallons (3.4 billion liters) of toxic waste there "the most serious environmental problem in the country."

### Fears for the Pinelands

Officials fear that the chemical seepage will reach not only Atlantic City's wells, but also parts of the Pinelands.

"We don't know how far these contaminants can go," said David F. Moore, executive director of the New Jersey Conservation Foundation. "I don't think we know that much about flow patterns beneath the soil."

Mrs. Goldfine said the Pinelands are a good source of water because of the types of sand there. "It also means if you have liquid hazardous waste spilled on the ground, it

## Taiwan Quietly Optimistic, Peking More Reserved in Sizing Up Shultz

By Michael Weisskopf

*Washington Post Service*

TAIPEI — When George P. Shultz rose to address U.S. businessmen at a breakfast meeting here 19 months ago, his audience was prepared for the kind of tub-thumping, pro-Taiwan harangue typically given by visiting captains of industry.

Mr. Shultz had just been considered for high posts by the new U.S. president, Ronald Reagan, whose ardor for Taiwan was well-known. Mr. Shultz had come to Taipei as head of the Bechtel Group, which does millions of dollars worth of engineering consulting annually for the Taiwan Power Co.

"If you measured him against other business executives who visit Taiwan, he was tepid in his expressions of support," a businessman said. Although Mr. Shultz spoke of the importance of sound U.S.-Taiwanese relations, "he certainly did not go overboard," the man said.

Now that Mr. Shultz is secretary of state, analysts on both sides of the Taiwan Strait are sizing him up not as a business executive but as a chief architect of U.S. foreign policy at a crucial time in Chinese-American relations.

While the Communist rulers in Peking have been reticent about him, they undoubtedly feel the loss of his predecessor, Alexander M. Haig Jr., a forceful advocate for the mainland who left office recommending ways of accommodating China's concerns about U.S. arms sales to Taiwan.

Taiwan, which feels it has been jilted and ignored by successive secretaries of state dating back to the Nixon years, is quietly optimistic that it has a friend in Mr. Shultz, who has visited the Nationalist Chinese island stronghold five times since 1975 and is familiar with its leaders.

While Peking was attracted by Mr. Haig's preoccupation with the Soviet menace, Taipei found him a bit single-minded, willing to sacrifice the vital interests of an old ally to enhance U.S. leverage against the Kremlin.

The books have prompted official protests from both China and South Korea.

Mr. Sakuramachi said Monday that Japan should recognize that the Chinese-Japanese War had been internationally criticized as an invasion by Japan. He added that the controversy should not be allowed to continue.

Prime Minister Zenko Suzuki, who is scheduled to visit Peking next month to mark the 10th anniversary of the normalization of relations between Japan and China, said Tuesday that his ministers had different stands on the issue based on different considerations.

The director of the Foreign Ministry's Asian Affairs Bureau, Akioane Kiuchi, told an upper house committee that he believed the issue would delay negotiations on \$4 billion in Japanese aid to South Korea.

In an indication of growing anti-Japanese feeling in Korea over the issue, Seoul police said Tuesday that vandals had destroyed a monument commemorating the building of a bridge by the Japanese during the colonial period.

Taxi drivers are reportedly refusing to carry Japanese, and some shops and clubs have barred Japanese customers and boycotted Japanese products.

More than 5,000 elderly Koreans demonstrated in five cities Tuesday to protest the changes in the textbooks.

leadership. "There was a sense that Haig was on a different wavelength than Reagan."

Although no one calls Mr. Shultz a friend of Taiwan, officials seem to believe he has an understanding of their concerns simply because he's done business on the island for years.

Bechtel, the worldwide engineering and construction conglomerate that Mr. Shultz had headed since 1975, holds major consulting contracts for two of Taiwan's nuclear power plants. An affiliated engineering company called Pacific Engineers and Constructors Ltd. — 60 percent owned by Bechtel — earns between \$2 million and \$3 million yearly performing support services for the two plants, according to a company executive in Taipei.

Aware of congressional scrutiny of top Reagan administration officials with past Bechtel connections, Taiwanese officials have

sought to downplay Mr. Shultz's former business dealings.

"The people who have never been to Taiwan don't realize the kind of life we have here," said Wang Chi-wu, vice chairman of Taiwan's National Science Council. "Anyone who comes knows the desire of our people to continue this way of life. I can never remember Mr. Haig coming."

"Haig understood Europe very well and Asia hardly at all," Mr. Parker said. "Shultz would appear to have a better understanding of this part of the world partly because he's been here and partly because he hasn't focused on one part of the world to the exclusion of others."

While extending a grace period to Mr. Shultz, China has intensified its criticism of the Reagan administration's policy of arms sales to Taiwan, especially worried that Mr. Haig's departure will create a vacuum that could be exploited by pro-Taiwan politicians.

## Japanese Minister Resists Revisions in Schoolbooks

TOKYO — The Japanese education minister said Tuesday that he had no intention of correcting revisions to school textbooks

that gloss over Japanese atrocities during the 1930s and early 1940s and have caused a diplomatic controversy with China and South Korea.

The minister, Heiji Ogawa, told the education committee of the upper house of parliament: "I don't agree there is no other way to settle the issue than by reinstating the original accounts."

But speaking before an ad hoc committee on national security of the upper house, Foreign Minister Yoshiro Sakuramachi again indirectly urged that the accounts be changed.

The point is whether Japan, in the eyes of the countries concerned, is abiding by its responsibility for its past actions as stated in separate postwar joint communiques with China and South Korea," he said.

The amended textbooks describe Japan's aggression against China as an "advance," and play down the "rape of Nanking" in which more than 200,000 Chinese were slain.

Japan-ruled Korea as a colony from 1910 to 1945 and the new textbooks describe a Korean uprising against Japanese colonial rule as a "riot."

The books have prompted official protests from both China and South Korea.

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## Toxic Waste Threatens Pure Water

### Under Giant U.S. Wilderness Area

By John J. Goldman

*Los Angeles Times Service*

BATSTON, N.J. — It is almost a primal wilderness in the nation's busiest industrial corridor — an area so vast that only satellite photos can do justice.

Although he is expected to cultivate good relations with China, this may not be done to Taiwan's detriment, the Nationalists feel.

The Pinelands is a 1-million-acre (147,000-hectare) preservation area on the edge of the Pinelands.

The Pinelands is a million-acre area on the edge of the Pinelands, great surprise. It is a wilderness of dense pines, pine streams, moss-covered swamps and rare, pygmy forests.

At the heart of the Pinelands is a 368,000-acre (147,000-hectare) preservation area, a naturalist's delight. Thirty-five species of mammals ranging from muskrat to rare short-tailed shrew; 299 kinds of birds, including peregrine falcons and great blue herons; 51 types of butterflies; and 59 kinds of reptiles and amphibians make the Pinelands their home.

"I often describe the Pinelands as a place for the graduate, the man who has been all

## INSIGHTS

# Inside Namibia: Journey Through a Confused and Unhappy Land

(This article is excerpted from *The New York Times Magazine*.)

By Joseph Lelyveld  
*New York Times Service*

**THE INSURGENTS** of the South-West African People's Organization (SWAPO) had not been expected to make their annual foray this year into the northwestern white settlements of the disputed territory that is now commonly called Namibia. South African forces had supposedly crippled the insurgents last year in a series of assaults on their bases deep in southern Angola.

"Only a remnant of the SWAPO command structure had survived," the South Africans boasted, and it had been forced to flee from the border area. The insurgents, it was claimed, were being killed at the rate of about 1,500 a year (more than 10 times the admitted South African losses), and were having to kidnap schoolchildren to replenish their ranks.

That one-sided picture the South Africans had drawn of the situation was the one they wanted to see. But the SWAPO guerrillas never had to be a match for the South African military machine in the fight for control of what is formally known as South-West Africa. In the kind of anti-colonial struggle they have been waging to dislodge South Africa from the former German colony it has occupied for 67 years, survival and victory are virtually synonymous. And SWAPO had survived.

The proof was in the diplomatic push by a group of five Western nations — the United States, France, West Germany, Britain and Canada — for a settlement, now said to be geared to produce a cease-fire and agreement on the phased withdrawal of the South African military.

## Triangle of Death

More blatantly, the proof of SWAPO's survival could be seen in newspaper headlines in Johannesburg and in Windhoek, the disputed territory's capital, that once again were branding the white farming communities of Ovati, Tsumeb and Grootfontein as the "triangle of death"; since the insurgents had returned to plant land mines on farm roads and pick off farmers in ambuses.

On a recent journey through Namibia, I visited Ovati, 165 miles (265 kilometers) south of the Angolan border and about 80 miles south of the area called Ovamboland, where this obscure bush war had been concentrated. During my stay, an alarm was raised of guerrilla activity, and a white counterinsurgency unit zoomed out of town on motorcycles under the story gaze of a crowd of blacks. Up the road in Grootfontein, there was even more military movement.

In Namibia's checkered colonial past, white traders and missionaries preceded settlers into the territory's open frontier. Then came the Germans, to establish the first government.

South Africa grabbed the country from Imperial Germany at the start of World War I. But even before the Germans appeared, a handful of Afrikaners — the white tribe that was ultimately to achieve dominance in South Africa — had arrived in ox wagons. At what was to be Grootfontein, in a gesture of pure and stunning solipsism, the band of only 40 families proclaimed themselves a republic.

That was 111 years ago. Now, with the tide of history flowing the other way, there is a major South African Air Force base, and a command post where the district's farmers assemble in battle fatigues when insurgents are reported in the area.

The renewed military activity carried a message to Doel Breedt, who claims to be the first white farmer in the territory to have been ambushed by a SWAPO guerrilla. The message was that he had stayed too long. It wasn't just terrorism, he said, that had him brooding about a move to South Africa, where his family had not lived since the mid-19th century. What had unsettled him most, he said, was an intuition that the country was already slipping out of white control.

## Pieter Botha's Stance

"Communism is coming down," he asserted, meaning down from black Africa from Angola, Zambia and Zimbabwe, all indistinguishably Marxist now in the world view shaped by South Africa's military propagandists. It wouldn't be so bad to have blacks in government, Mr. Breedt allowed, so long as whites kept control, but once whites lost control nothing would stop Communism. When I asked why, his son Fransje, a teacher, answered: "It's because they don't believe in God. Because they don't have strong characters and because they're not educated and can't think for themselves."

His father nodded, ruefully. "I think we've stayed too long," he repeated.

Pieter W. Botha, South Africa's prime minister, seemed to be reaching the same conclusion. A reluctant former defense minister who personally supervised the military buildup in South-West Africa, he now has to contemplate the bizarre prospect of having eventually to campaign in South Africa as a peace candidate against rightist extremists who are already accusing him of "selling out" Namibia's 75,000 whites — mostly fellow Afrikaners.

Several reasons could be traced for Mr. Botha's apparent change of stance; pressure from the Western nations, which took the lead in searching for a solution that would head off demands for sanctions against South Africa; the slump in the gold price, which is dropping South Africa into a deep recession; and the simultaneous decline of Namibia's economy.

Central to Mr. Botha's calculation was the determination of the Reagan administration to secure a cease-fire and settlement. It was the Reagan administration that undertook last year to change the tactics of the group of Western nations, which four years ago had more or less边缘ized South Africa into agreeing on a plan for Namibian independence only to see the Botha government put on a brilliant display of diplomatic filibustering to forestall the deal. Instead of threats, the Reagan administration had offered the Botha government a policy of "constructive engagement" that hinted that South Africa's parish status in the West could be eased, if not ended, once it made good on Namibia.

Initially, South Africa had hoped to persuade the most friendly American administration it was ever likely to see to look at Namibia the way it did El Salvador: to define the issue as one of stopping Communism rather than of ending colonialism. But Washington never fell for the idea that the dependence of SWAPO on the Soviet bloc for arms meant it was a "proxy force" of the Soviet Union rather than the ideologically vague African nationalist movement it has always claimed, and appeared, to be. Instead, in June, 1981, U.S. negotiators headed by William P. Clark, then deputy secretary of state, judged the South Africans around to the view that the withdrawal of 20,000 Cuban troops from Angola (where they have been since 1975, when South Africa invaded Angola) could be presented as a gain for South Africa.

Of course, if the Cuban withdrawal could be orchestrated along with a Namibia settlement, it would also represent a triumph for the Reagan Administration.

The Herero will to independence made itself

felt in a revolt in 1904 that probably did more to shape the country's future than any other event in this century. The revolt was crushed with a ruthlessness that can reasonably be termed genocidal. Within the German boundaries every Herero, whether found armed or unarmed, with or without cattle, shall be shot, decreed an infamous order by a general named Von Trotha. There were thought to be more than 70,000 Hereros when the fighting started, fewer than 25,000 when it stopped. The Herero tribe was then formally dissolved and dispossessed of all its lands. The Namas met a similar fate when they rose under the leadership of their greatest chief, Hendrik Witbooi.

**Vast Diamond Concession**

One-sixth of Namibia — the Namib Desert,

from which it derives its name — is a vast diamond concession, and what was produced there underwrote as much as half the cost of administering the territory. When gold, diamonds, and uranium were in demand, South Africa could afford to call the Western biff on

sacrifices. And SWAPO infiltrators ever have, and no one is investing a dime in Namibia's uncertain future.

But there is another side to the ledger. Independence for Namibia would deprive the continent's last white bastion of its last buffer state. In strategic terms, independence would remove South African forces from battle stations in Central Africa and almost certainly install the black national movement that South Africa has been trying to crush for most of two decades. White power would be unmissably in retreat, and a message would go out to black as well as white South Africans that, sooner or later, there would be a deal with the outlawed black movements inside that white republic. That is why the Botha government has seemed permanently schizoid on the question of Namibia and why many analysts still cannot believe in its willingness or ability to carry out the proposed agreement.

In this overcharged context, one thing often forgotten is the country itself, the real Namibia that lies under all the layers of argument and obfuscation like a hidden masterpiece covered with varnish, retouching and grime. While diplomatic discussions drone on in Washington and at the United Nations, that suffering country waits to be restored, not only so that onlookers can see more clearly but also so that it can rediscover itself.

## Land of Harsh Beauty

Political agitation in the modern sense began among the unbowed remnant of the Hereros. It was they who in 1951 sent the first petitions to the UN, passionately disputing South Africa's claim that the "natives" supported the idea of merging Namibia into South Africa as its fifth province.

While the UN pressed to put the tempest under the protection of its trusteeship system, South Africa methodically imposed the racial and political controls of its own ever-expanding corpus of apartheid and security laws.

In 1966, with the support of the United States, the UN General Assembly voted overwhelmingly to revoke the mandate on the ground that South Africa had failed to respect the right of self-determination of the territory's inhabitants. As the debate intensified, the South Africans discounted the Hereros as a difficult people with a difficult history that made them susceptible to meddling by outsiders.

But in the 1970s the Portuguese regime in Angola collapsed and SWAPO was suddenly in a position to bring the war for independence home to Ovamboland. There is no question that Soviet and East German advisers and technicians now sometimes accompany the arms that flow to the insurgents from the Soviet bloc. But it is worth recalling that SWAPO started out as anti-Communist and nonviolent, and that South African obduracy as much as any other force, shaped what it has become. Like most African nationalists, the insurgents call themselves Socialists. But they also indicate that they would be willing to renegotiate the contracts under which the diamond and uranium mines are exploited by South African and multinational interests.

The movement has a shadowy legal existence in Namibia, but its aboveground agents there are effectively immobilized by police surveillance. The real leadership is either in exile with Sam Nujoma, who resides these days in the Angolan capital of Luanda, or with Herman Toivo ja Toivo, one of SWAPO's ecclesiastical arm.

Oddy enough, the two men have never met. Mr. Toivo was under house arrest when Mr. Nujoma joined what was then called the Ovambo People's Organization shortly before going into exile in 1959 as SWAPO's first overseas representative.

When I met Sam Nujoma in Geneva during a UN conference on Namibia 18 months ago, he insisted that he and his followers were "first and foremost, Namibian patriots fighting for the liberation of our country." Nothing in his conversation suggested he was preoccupied with the issues that an independent Namibia would face. I came away thinking that he had one fixed idea: simply the removal of South African political and military dominance.

In their hunt for "terrorists" the night before I reached Ovamboland, the defense forces had dropped parachute flares on a church station at Elim. It was just an accident, the military later explained, that the parachutes landed in the mission-hospital complex, burning to the ground a building that had housed offices as well as three families.

**An Axion Repeated**

South African generals, having read the books on the Vietnam War and watched the struggle in Rhodesia, studiously repeated the axiom that guerrilla wars had to be won politically. So the white authorities threw themselves into the unaccustomed business of mobilizing a multiracial coalition to offset SWAPO. Conceding finally that Namibia could someday be independent, Pretoria's minnows labored to shape a regime that would not be too independent from an economic or security standpoint, one that would scuttle apartheid without dispossessing the whites.

This meant getting all the ancient enmities — the Hereros, local Germans and Afrikaners — into the same government with whatever anti-SWAPO Ovambos could be found or created by patronage and money, along with all the other groups that the South Africans had labored to keep separate for half a century. It meant, in effect, creating the kind of national movement that SWAPO started out to be in order to withstand the force of the Communist marauders that SWAPO had supposedly become.

This anti-SWAPO front was dubbed the Democratic Turnhalle Alliance (DTA), after the old German hall in Windhoek where an agreement was reached on an oddly disjointed form of government made up of three tiers: a multiracial national level, a second tier of separate "ethnic authorities," and a third tier of municipal governments that has remained in white hands for the apparent reason that no one has been able to dilute white authority at that level without destroying it.

It was an imaginative try, in its way. Suddenly, white South African officials had to enforce laws that made racial discrimination in public places illegal. But it backfired, largely because white politics in South Africa itself required that the whites of Namibia — especially the Afrikaner majority among them — not have a new identity as Namibians shoved down their throats.

To protect them, and to coax them along, the white ethnic authority had to be given control of its own segregated schools and hospitals. Then, to run them, it had to be able to claim all the income taxes whites paid, which was 90 percent of the total. The white authority was virtually beyond the control of the multiracial legislative assembly and council of ministers that were supposed to make up the new government. The 10 other ethnic authorities got houses and cars for their ministers, some new schools and not much else.

The blatant imbalance in the distribution of funds inevitably led to tensions within the DTA, which has been headed since its inception by an Afrikaner rancher named Dirk Mudge.

To hold itself together, let alone bid against SWAPO for black support, the DTA found it had to speak of national rather than community needs. This amounted to decrying white privilege, which led the DTA to lose most of its Afrikaner support and thus undermine its usefulness to the South Africans. It also served to vindicate SWAPO as a movement that had always preached the need for simple national so-

lutions. Of the 45 political parties and factions that sprouted in the hothouse politics South Africa cultivated in Namibia, only the whites parts still bother to defend the alliance.

This is the confused and unhappy state Namibia has become as it waits for the international midwives to deliver it to itself. It is a state of mind that faces backward and forward at the same time.

Now that the DTA has been spurned by most Afrikanners in Namibia, the local Germans furnish the bulk of its white support. This is not to deny that there are extreme rightists and even neo-Nazis among the 25,000 or so southwesterners of German origin — in Ovati, there were enough to hold a small party on Hitler's birthday this year. But leaving aside throwbacks to the 1930s, today's Germans give an impression of being readier than other whites to try on a new identity as Namibians.

Mathias Henrichsen said he didn't really feel German and certainly didn't feel South African. The current head of a German merchant family that has been in Swakopmund, a coastal resort, for four generations and now the town's mayor, Mr. Henrichsen was one of the few whites I encountered who openly said that he would try to sway if SWAPO came to power.

But he was not optimistic, mainly because he expected a mass white exodus. Proportionally, the white share of the population is still double what it was in the old Rhodesia, but it is likely to shrink much faster after independence since most of the whites are South African nationals.

SWAPO claims to be anti-ethnic and is not without Herero supporters, but the breach between the Ovambos and Hereros represents the major failure for the insurgents in their effort to build a national base — and the major success for South Africa in trying to prevent that.

Ultimately, the estrangement must be traced to the fact that the movement of resistance to South African rule has bypassed the people who started it for reasons that now seem obvious to everyone but them: the Ovambos, who account for more than 50 percent of all Namibians, live on the Angolan frontier, which puts them in a position to wage guerrilla struggle; the Hereros, who account for fewer than 8 percent of the population, were dispossessed of their land and aboved back to remote reserves.



Sam Nujoma



Pieter W. Botha

If Namibia is a metaphor, it stands for the divisions among blacks and the whites' rear-guard tactics. First, the color bar was bent, and then whites were urged to enter an alliance with non-white minorities against the main force of black nationalists. In broad outline, this is what is happening now in South Africa itself as Mr. Botha seeks to share power, on a minimal basis, with coloreds and Indians. What was attempted in Namibia was far more daring in that it involved scrapping the laws which control black movement, and the Group Areas Act, the basis of residential segregation.

But it was not enough, because the whites weren't truly interested in power sharing. They wanted to remain in control.

The failure of the Turnhalle strategy stands out most vividly in the southern part of Namibia, precisely because the region is so remote

from Ovamboland and direct SWAPO influence. And yet SWAPO is expected to do surprisingly well there when the Constituent Assembly election is held, mainly because the insurgent organization has the support of the region's most important leader. He is Hendrik Witbooi, a great-grandson of the legendary chieftain who led the last Nama rising.

When he refused to lend his prestige to the DTA, the present Hendrik Witbooi lost his job as principal of a state school. And in Gibeon, Mr. Witbooi's followers live in some of the most pitiful shanties in southern Africa, on barren, rock-strewn land.

Will the shanty dwellers vote for the Witbooi tradition of resistance or for the ministers who got the new houses? Such questions answer themselves in Keetmanshoop, where at this late date the whites are preparing to dedicate a new \$20-million hospital that will exclude blacks.

**Satirical Views**

While Russians can be disarmingly kind in their private lives, once they don a uniform or step into a job dealing with the public, they can be brusque. Below are cartoons from Krokodil, the Soviet satirical magazine.



## The Height of Rudeness

Daily Life in Moscow Is a Battle With Uncivil Service

By John F. Burns  
*New York Times Service*

MOSCOW — The gruff manners begin at Sheremetyevo-2, the modern airport on Moscow's northwestern fringes. Passengers arriving on international flights file down poorly lighted stairs to a glass booth, where a story-faced KGB man inspects every detail of passport and visa, checking and rechecking until the new arrival almost feels that arrest is imminent.

The initial encounter with the Soviet system sets the pattern for much that follows. While Russians can be disarmingly kind in their private lives, once they don a uniform or step into a job in which they deal with the public they can be as brusque as a traveler will find anywhere. Learning to cope with unprovoked rudeness is one of the everyday challenges of living here.

## Without Apology

By all accounts, what is irksome for foreigners is worse for Soviet citizens. The authorities eager to impress and just as keen to keep outsiders away from the mainstream of Soviet life, place foreigners as far as possible in a cocoon that includes special apartment buildings and hotels, food stores and traveling arrangements, as well as a license to jump the line at Lenin's mausoleum and in other crowded places.

Similar privileges are available to the Soviet bureaucratic class. But for the average citizen, life is often punctuated by jarringly rude behavior. The high-handedness with which a civil legislative assembly and council of ministers that were supposed to make up the new government. The 10 other ethnic authorities got houses and cars for their ministers, some new schools and not much else.

The blatant imbalance in the distribution of funds inevitably led to tensions within the DTA, which has been headed since its inception by an Afrikaner rancher named Dirk Mudge.

To hold itself together, let alone bid against SWAPO for black support, the DTA found it had to speak of national rather than community needs. This amounted to decrying white privilege, which led the DTA to lose most of its Afrikaner support and thus undermine its usefulness to the South Africans. It also served to vindicate SWAPO as a movement that had always preached the need for simple national so-

lutions, told Rolling Stone magazine after a visit here last year of his experiences in Soviet restaurants. "Eight or nine waitresses are talking in a group over at the side of the room," he recalled. "Cleants are waving their hands all over the place, but the waitresses just stand there. If the manager is there, he doesn't seem to care to notice."

The American authors of a guide to Moscow restaurants, Lynn and Wesley Fisher, felt that the difficulties with waiters deserved separate treatment. In their book "Moscow Gourmet," they titled one section "Waiter Soviets" and advised customers to treat softly. "Assume that he is serving food, not you," they wrote, suggesting that the causes of the problem lay in the poor pay and low prestige of the job, as well as the perception that serving others "bears a stigma in a country committed to ridding itself of exploitation."

On Moscow's streets it is a common sight to see bus drivers roaring away from stops leaving old people waving after them, and drivers of the ubiquitous black Volga sedans of the middle-level bureaucracy charging at pedestrians who anticipate the light at a crosswalk.

## Theoretical Explanations

Ultimately, Miss Vasilyeva suggested, the cause of the problem lies in features of everyday life that are as common in the West as here — a childhood under a nagging mother and a fatigued or alcoholic father, schooling under ill-tempered teachers, and so on until the innocent child is turned into "a first-class lout." Other Soviet articles have suggested that the reasons lie in the daily hardships of Soviet life — long lines for staple foods, overcrowded living conditions, monotonous jobs, inefficient transportation systems, a lack of sufficient entertainment and recreation.

## ARTS / LEISURE

## 'Rugissants' Sails Into Limp Script

By Thomas Quinn Curtiss  
*International Herald Tribune*

**PARIS** — The protagonist of Christian de Chalonge's "Les 40èmes rugissants" (The Roaring 40s) is our venerable acquaintance the Strong, Silent Man, back from a vacation in the theatrical store-room.

This time he is an tinkering electrician who specializes in maritime equipment in a French port. Unable to sell his inventions, he quits his wife and child to go to sea. Egged on by a shady publicist, he enters a competition to navigate his trimaran from St. Malo on a nonstop excursion round the Cape of Good Hope, Australia's Cape Leeuwin and Cape Horn. He

alone on his boat battling the roaring tempest and surging waves.

Jacques Perrin as the amateur sailor looks grimly determined; Julie Christie flutters as his wife back home, and Michel Serault's characterization of the bombastic press agent is limited to a calculating expression and perpetual puffing of cigarettes.

It is only in its documentary sequences of heavy weather at sea that "Les 40èmes rugissants" has authentic excitement.

\* \* \*

The tale of the commoner enamored of a princess has its origin in folklore and must be as old as the world. It remains a serviceable premise and has lost none of its appeal in our day.

It has been accorded precious little invention as retold by Lipollo and Castellano in "Inimmobile Pazzo" (Madly in Love, billed in Paris as "Amoureux Fou"), an Italian farce about a tourist bus driver who encounters a foreign princess escaped from chaperones to see the sights of Rome. The princess, happily, is one of the cinema's leading beauties, Ornella Muti, which makes the occasion a treat pictorially. Her plebian beau, Adriano Celentano, sings, dances and cavorts so frantically that one suspects he would make a better living on television (from which he has probably been recruited) than as a chauffeur. All ends with democracy's triumph over royal prerogative.

\* \* \*

"Family Rock" is the first full-length feature by a French beginner, José Pinheiro. The title is misleading, as the prospective customer is apt to conclude that what is being offered is a pop musical in English.

But "Family Rock" outlines with engaging simplicity the pale-wandering of a young down who, with his wife and two little children, travels from one provincial fairground to another in his trailer-bus, to which a portable merry-go-round is attached. This nomad tribe entertains rural communities for a night or two and then continues its endless journey, finding footloose gypsy existence preferable to any home and heart.

Pinheiro communicates the lure of the open road that rocks this family with an exhilarating appeal. Though often defective in theatrical buoyancy, and excessive in length, the film is rich in its creation of moods and in its originality in depicting certain incidents.



"We don't need no education," chant children in "Pink Floyd: The Wall."

## Another Film Brick in 'The Wall'

By Janet Maslin  
*New York Times Service*

**NEW YORK** — Pink Floyd fans are going to find "Pink Floyd: The Wall" pretty cosmic; employing almost no dialogue, it uses fantasies, animation and associated psychedelic frontiers to flesh out a rock album more enthusiastically than any film has since "Tommy."

This, I'm not sure I would have predicted without reading the program notes by the director, Alan Parker, is the story of Pink, an English rock star who sits traumatically in his Los Angeles hotel room. He is sick of sex, drugs, fame and the other drawbacks of his style of life. He is weary and alienated and self-destructive.

So he daydreams about warfare, about his mom, about the wife who left him, about fascism, about — this part is animated, by Gerald Scarfe — flowers engaged in angry sexual congress. Each rotten thing that has befallen him is, as the lyrics of the Pink Floyd song put it, one more brick in the wall. In addition to all the other repeating motifs, there are lots and lots of wall shots.

### Surfing Imagery

"Pink Floyd: The Wall," which was written by Roger Waters of Pink Floyd, might seem to be an odd film for Parker, having so little to do with his other films, such as "Midnight Express," "Fame" and "Shoot the Moon." Actually, it's right up his alley. He is capable of startling imagery, which comes in handy here. And there are elements of self-pity and sensationalism to a film like "Midnight Express" qualities that aren't out of place in illustrating poor Pink's plight. Parker has brought plenty of energy to this project, and he has done his resourceful best to make it an overpowering experience.

However, not every viewer may care to be overwhelmed in quite this way.

"The Wall" is a shameless all-out assault on the senses, rising to crescendos of grandiose fantasy. When Pink (Bob Geldof) thinks of battle (his father died in World War II), he imagined dozens of bleeding corpses and equates combat soldiers with fans charging into a concert. After he flies into a fit and wrecks his hotel room, he arranges the bits of records and drugs and smashed guitars in beautiful little patterns, as if this were a shrine. When he thinks of himself as the tender young Pink, it is with the greatest of reverence. When he envisions an all-powerful

Pink, he sees himself as a Nazi-like dictator.

Whatever can be done with this, Parker has done and then some. "The Wall" is a good-looking film, and it has no shortage of nerve. When Parker puts an entire choir of schoolchildren on a conveyor belt leading into a meat grinder as they sing, "We don't need no education," he is being nothing if not bold. These effects, while some are individually powerful, are dwarfed by the towering self-importance of "The Wall" and by its lack of focus. Pink, who sits in a daze and occasionally rises to hurt himself, is a wordless figure and not a particularly involving one. But he is the only center the film has.

Johnson is a young American writer — for my money, the best since Albee — who has managed to put four familiar American folk-myth characters into a New York hotel bedroom and weave around them a play about nothing less than the future, if any, of the world; Page is a young English actress who has taken five English archetypes, put them on a Salomé beach, and failed to achieve even a sand castle.

True, she has had one splendid notion: Though four of her characters are living in the present, the fifth (Christopher Fulford), who arises from beneath the sand in the

play's one moment of true drama,

is a dead soldier, we eventually learn, was not a hero but a suicide, and the beach boy eventually sells so much of his blood that there's not enough left for himself. Be-yond that, not a lot happens; mother and daughtericker over

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play's one moment of true drama,

is a dead soldier, we eventually

learn, was not a hero but a suicide,

and the beach boy eventually sells

so much of his blood that there's

not enough left for himself. Be-

yond that, not a lot happens;

mother and daughtericker over

archetypes, put them on a Salomé beach, and failed to achieve even a sand castle.

True, she has had one splendid

notion: Though four of her char-

acters are living in the present,

the fifth (Christopher Fulford),

who arises from beneath the sand in the

play's one moment of true drama,

is a dead soldier, we eventually

learn, was not a hero but a suicide,

## INTERNATIONAL BUSINESS / FINANCE

WEDNESDAY, AUGUST 11, 1982

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## BUSINESS BRIEFS

## Ford to Buy Back 500,000 Shares

DEARBORN, Mich. — Ford said Tuesday it will purchase up to 500,000 shares of its common stock in the open market at prevailing market prices.

If sold, the stock is being purchased to eliminate the dilution that resulted from the company's recent exchange of stock and cash for outstanding debt.

## BHP Asks For Long-Term Assistance

MELBOURNE — Broken Hill Proprietary said Tuesday that it must have long-term government aid and protection if its steel division is to survive the current world steel industry slump and avoid further layoffs and closures.

BHP, Australia's only raw steel maker, has told the government's Industrial Assistance Commission it needs increased tariff barriers and a guaranteed 85 percent share of the Australian market as well as tax and deregulation concessions.

Long-term aid has been opposed by Japanese steel industry officials and government ministers who noted that Japan's steelmakers are major users of Australian iron ore and coal. The government's temporary assistance authority is currently considering a BHP request for short-term help. BHP lost \$13 million in the year to May 31.

## Japanese Get Brazil Rail Line Deal

TOKYO — Keda Ferrovia Federal, the Brazilian federal railway, has signed a 5.5 billion yen (\$21 million) contract with a Japanese consortium for the modernization of railway lines in the suburbs of Rio de Janeiro, Mitsui & Co., the prime contractor, said Tuesday.

The Japanese group, which also includes Toshiba, will start shipments in September 1983 of transformers and electrical equipment, it said.

The order is in addition to a 12 billion yen railway modernization contract concluded last December by the same Japanese consortium with Rede Mitsui.

## Citicorp Unit to Market Braniff Planes

HARRISON, N.Y. — Citicorp said Tuesday that its Citicorp Industrial Credit subsidiary and USAir have agreed to remarket seven Boeing 727-200 advanced airliners that had been operated by Braniff International.

Eight major U.S. banks became coowners of the aircraft through a trust established in the reorganization of Braniff subsidiary in exchange for the cancellation of some debt. Citicorp Industrial has a portfolio of nearly 100 leased aircraft.

Geoffrey H. Hart, president of Citicorp Industrial, said: "This is all the downside risk at the end of the day, and we're not worried about it in the long run."

Compiled From Agency Dispatches

## Seatrain Files Reorganization Plan

NEW YORK — Seatrain Lines Inc., the tanker company that sought protection from its creditors in February 1981 under federal bankruptcy laws, filed a reorganization plan Monday intended to repay nearly \$400 million in loans and guarantees from the Federal Government.

Under the plan filed in bankruptcy court in New York, some of the company's executives and banks would take over the company's six remaining tankers in exchange for paying off debts of about \$300 million, including nearly \$400 million in government loans and guarantees.

Seatrain's two heavy-lift ships, which carry military cargo and are chartered with the government's Military Sealift Command, would remain with the reorganized company, becoming its principal assets.

Compiled From Agency Dispatches

## AEG Receivership Risk Is Covered, Banks Say

FRANKFURT — Leading creditors of AEG-Telefunken said Tuesday they would be able to cover the risks associated with the company's application Monday for receivership.

At the same time, banking sources said the banks are expected to offer AEG-Telefunken 1.1 billion Deutsche marks (\$440.6 million) in new credits in conjunction with the restructuring plans involved in the receivership application.

Some sources said a final decision on the offer could come in the next two days.

Shares in AEG-Telefunken fell to a record low of 24 DM at the close of Tuesday's market, dealers said.

The shares had been suspended Monday pending the announcement the company was seeking a settlement with creditors, but trading was resumed Tuesday. The shares closed Friday at 27.80 DM.

According to West German law, the new credits will be made available directly to the receiver, who will then administer their use by the company, the sources said.

The credits would take priority over other liabilities should the restructuring proceedings fail and the company be forced to declare bankruptcy.

Dresdner Bank, AEG's leading creditor, and several other West German banks are owed the equivalent of \$1.6 billion by the company and hold about 36 percent of the group's equity.

In a statement Monday, Dresdner said that it, together with

## Smiles Fill Gulf Offices As Merger Is Scrapped

By Douglas Martin

*New York Times Service*

PITTSBURGH — The mood around the Gulf Oil headquarters was unexpectedly bright this week. "I don't know why we're smiling," James E. Lee, the company chairman, said. "We just got sued for \$3 billion."

But smiles it was. When informed of the suit filed Monday by the Cities Service Co. against Gulf, Harold H. Hammer, executive vice president, said with a smile, "That's a nice round number." The suit charges breach of contract by Gulf for abandoning its plan to acquire Cities Service, based in Tulsa, Okla.

While Gulf's abrupt abandonment of the merger plan has embittered many on Wall Street, surprised officials in Washington and left Cities Service searching for a solution. Gulf officials expressed the conviction that the company got out of the \$5 billion deal while the getting was still good.

Mr. Lee and Mr. Hammer, who together directed Gulf's takeover campaign, contend that meeting antitrust objections raised by the Federal Trade Commission would have cost too much, and might have spurred a war of attrition.

"We're not talking about nickels and dimes," Mr. Lee said Monday. "We're talking about millions of dollars a year."

For Gulf, the bottom line in dropping the offer is its contention that it had the legal right to pull out (Cities Service disagrees); that it could not deal with the FTC on a businesslike basis (the FTC disagrees), and that Cities Service's offer of help was too little and too late (this is expected to be a subject of numerous lawsuits).

Two other concerns, according to the Gulf

officials, were a possible change in tax legislation that would have added to the merger's cost, and unspecified things that Gulf investigators learned about Cities Service as the merger went ahead.

Signs of hasty retreat were apparent throughout the executive suites of Gulf's headquarters here. A map of the United States with an orange pin for every Gulf installation and a green one for every Cities Service facility had been quietly abandoned, the executives said.

Two crack teams of newly sprouted merger specialists were reassigned to their old jobs, and legal experts pointed emphatically to clauses in the contract between the two companies that they contend were drafted by Cities Service giving Gulf the right to withdraw unilaterally.

There was also concern for Cities Service — which had become almost a part of Gulf, but is now fighting for its life as a company. "Obviously, we're distressed," Mr. Lee said.

## Not Many Calls

But not so distressed that he and Mr. Hammer were not able to toss a bar or two in the direction of Tulsa. "Cities Service did not have the reputation of being one of the best-managed oil companies," Mr. Hammer said. He and Mr. Lee also took intense issue with the statement by Charles J. Waideich, chairman of Cities Service, that a drop of \$2 to \$3 a share in the proposed price for Cities Service would have been nearly enough to fund steps necessary to meet the FTC's objections.

But Mr. Hammer said he expected other companies to express an interest in Cities Service for the same reason Gulf had, for the time

(Continued on Page 11, Col. 3)



A trader on the floor of the New York Stock Exchange slumped into a chair as prices fell Monday after the proposed Gulf-Cities Service merger was called off.

## N.Y. Stock Prices Drop as Rally Bids Fizzle

Compiled by Our Staff From Dispatches

NEW YORK — Prices on the New York Stock Exchange closed lower Tuesday in moderate trading when several rallies fizzled as investors remained pessimistic about chances of an economic upturn.

The Dow Jones industrial average fell 105 points to close at another 274-month low of 779.30. The index had been up more than four points several times during the day.

Some analysts saw this as a sign that the bill could be in trouble in Congress. Others doubt the bill will pass.

Even if the tax bill wins congressional approval.

Analysts said stock prices moved higher early in the session on the basis of some good economic indications, especially an expected bond market rally. But improvement in the bond market was less than expected and profit-taking abolished some stock gains.

Michael Metz, an analyst with Oppenheimer & Co., described the market as having "low conviction and high anxiety." Investors lack faith that the economy will improve and that lower interest rates will result, he said.

He said bargain-hunters nudged prices higher at several points but were quick to take profits.

Interest rates had fallen sharply Monday after the Federal Reserve temporarily bought securities to provide credit to the banking system.

The Fed bought securities from dealers who agreed to buy them back Tuesday. When the Fed buys securities, reserves are injected into the banking system as dealers place the money into their banks.

Even though analysts said the Fed's move was technical and not a sign of any easing of monetary policy, the market reacted strongly with Treasury bill rates falling by a quarter to almost half a percentage point.

"The technical analyst can say whatever he wants," commented an economist at Paine, Webber, "but as a practical matter, traders and some investors see it as an effort by the Fed to keep the funds rate from rising."

Cities Service, the most active NYSE issue, rose 14 to 31% despite the fact that Allied Corp. said it was not interested in acquiring the oil and gas producer.

## U.S. Backs Charges Of Steel Dumping By EEC Companies

By Jane Seaberry

*Washington Post Service*

WASHINGTON — The Reagan administration, after failing to negotiate an end to the steel trade crisis with Europe, Tuesday charged steelmakers from five European Common Market countries and Romania with selling steel in the United States at unfairly low prices.

The preliminary decision is the second blow to the EEC's steelmakers in the past two months and requires the importers of the offending steel products to post bonds with the government as high as 41 percent of the product's value.

The Commerce Department, faced with the worst trade tensions since World War II, already ruled against seven European countries in another case last June, accusing them of receiving unfair subsidies from their governments and undercutting their U.S. competitors.

In addition, the Commerce Department said appropriate duties will be levied retroactively to May 10 on imports of certain steel products from two French and one Belgian firm because the department found there had been "a surge of shipments apparently intended to beat the statutory deadlines for imposition of anti-dumping duties."

These firms are Sacilor and Usinor of France and Cockerill-Sambre of Belgium.

The countries accused in the new decision are Romania, Belgium, France, Italy, West Germany and the United Kingdom, the same ones charged in the last round.

There was no immediate response to the decisions by the EEC.

The decisions came after tense negotiations between high level officials of the Reagan administration and the EEC last week in an attempt to head off any more tension-causing rulings against European steelmakers that would result in added duties.

The negotiations culminated in an arrangement to limit exports of steel products from the EEC.

However, three of the largest U.S. steelmakers and the U.S. specialty steel industry immediately rejected the proposal as inadequate.

The department required the foreign steel importers to post bonds or cash in the amount of the alleged subsidy until a final determination is made on Aug. 24.

In Tuesday's decision, the department said steel from 16 companies in six countries had been priced at unfairly low levels. The dumping margins ranged from 0.5 percent to 40.7 percent.

The Commerce department is scheduled to make a final decision in the case on Oct. 25.

## Mexico Asks \$150-Million Eurocredit

## Mexico Asks \$150-Million Eurocredit

Reuters

LONDON — Mexico is raising a short-term, \$150-million Eurocredit, in what bankers see as yet another confirmation of the country's near-term cash squeeze.

Lead manager Banco Nacional de Mexico (Banamex) confirmed Tuesday that the loan will be in two tranches.

A six-month portion will carry a spread of 3/4 percentage point over the London interbank offered rate or 1/2 point over the prime rate, while a 12-month portion will have a margin of one point over Libor or 3/4 point over prime, it said.

North American and European bankers in Mexico City said last month that they expected the margin on one-year loans to Mexico to rise to around 1 percentage point over Libor, against 0.75 point a few months ago.

Mexico has experienced increasing difficulty raising funds this year as concern has mounted over the state of the country's economy, bankers in Mexico City said.

The country had public sector foreign debt of about \$32 billion at the end of last year and is scheduled to show an \$11 billion net increase this year.

Last week, Mexico said it was forced to adopt a two-tier foreign exchange rate because of massive speculation against the peso. Under the system, the government will not support the floating peso, but it has established a preferential rate for priority imports.

The action will put additional pressure on already hard pressed areas of the Mexican private sector, since the repayment of principal by private firms will be at the new freely floating rate, they said.

This increases the chances that some private Mexican firms will be forced to renegotiate their debt.

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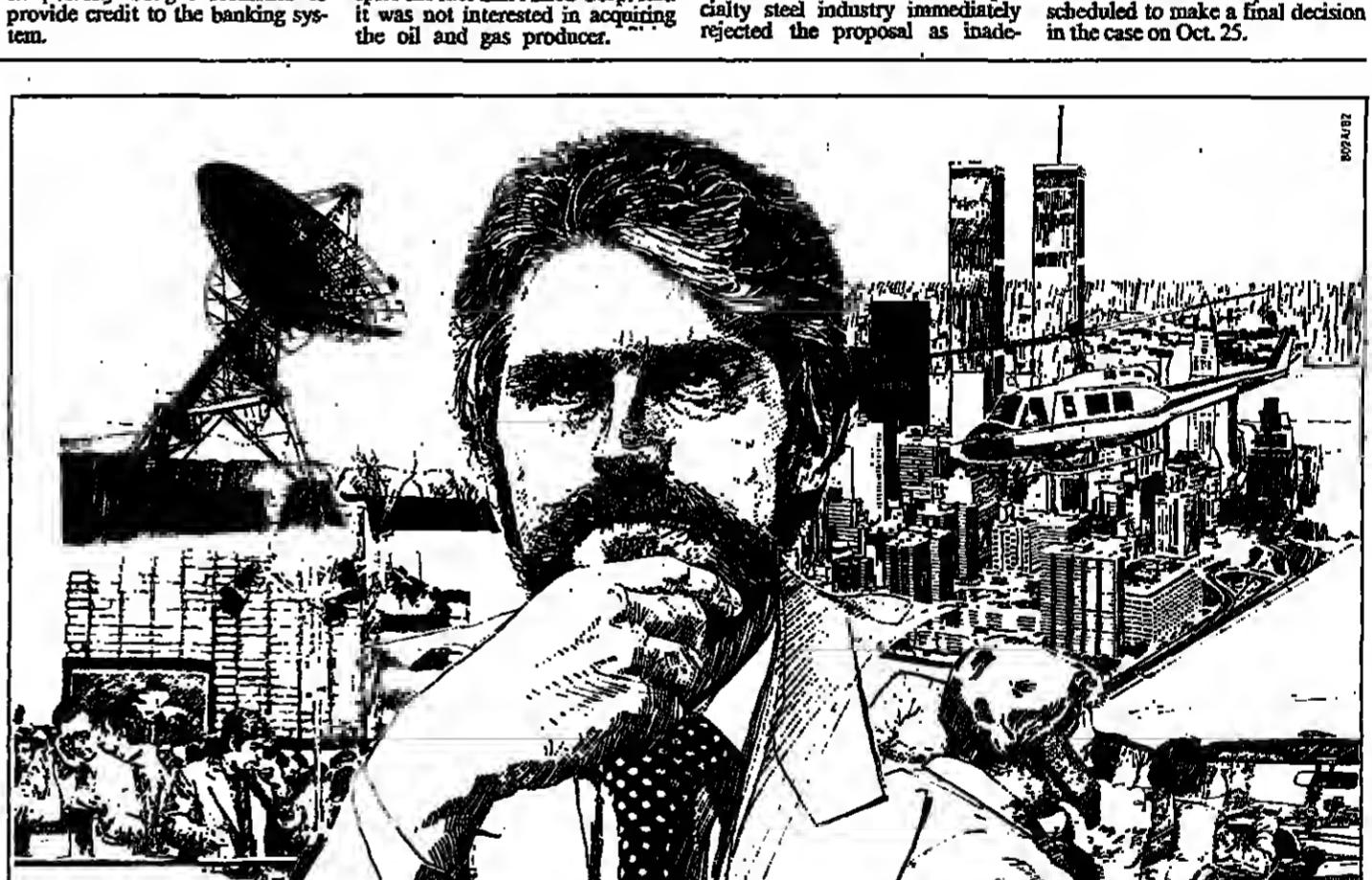
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# Arbitragers Begin To Tally Up Losses

## Collapse of Cities Service-Gulf Deal Paves Way to High-Stakes Players

By James L. Rowe Jr.

Washington Post Service

WASHINGTON — When Gulf announced last Friday that it had dropped its \$5.13 billion bid to buy Cities Service, bears sank at a number of Wall Street firms that had bought Cities Service stock at prices as high as \$56 a share in hopes of selling it to Gulf for \$63.

Risk arbitragers, the high-stakes players who gamble on making money in takeover attempts, had bought about 15 million Cities Service shares at a price averaging roughly \$33 a share, according to accounts from officials, all of whom asked to be unidentified.

Until Gulf started to get cold feet last week, risk arbitragers at those 40 or so firms stood to make, in total, about \$150 million on the Cities Service takeover. Instead, at least on paper, they have lost \$375 million. The stock that Gulf said it was willing to pay, \$63 for stock that dropped to \$30.375 Monday on the New York Stock Exchange, Analysts said, however, that Cities Service's defensive moves began Monday could in time boost the price \$10 or more.

Risk arbitragers play a simple game. They buy stock in a company that is (or they think will be) the target of a takeover attempt and hope to sell the stock to the acquiring company for a higher price. They run the risk that the takeover attempt will not be made or that it will be unsuccessful. If that happens, they are stuck with high-priced stock like Cities Service, whose market price plummets.

"There are various types of arbitrage. The nomenclature here is 'risk' arbitrage. The Cities Service-Gulf deal shows you why the term applies," said the top officer of a firm that bought Cities Service stock.

Although Wall Street is ringing its bells, the thousands of investors — both individuals and institutions — who sold to arbitragers at \$53 rather than taking the risk and waiting for Gulf's \$63 are winners.

In recent years securities firms have increased their risk arbitrage departments because of their desire to develop new ways to make money and because of the growing number of mergers — including several record takeovers last year.

Perri Long, who covers securities firms for Lipper Analytical

Distribution, said arbitragers are like gamblers. "You're using the money to buy and sell where you think there are opportunities to make money."

These risk takers often hedge their bets by purchasing an "option" contract whose value increases if the price of the stock falls. But regulations do not permit an individual or firm to own contracts representing more than 200,000 options. Several firms have more than 1 million Cities Service shares, one arbitrageur estimated.

Mr. Long estimated that several firms will lose \$4 million to \$6 million in the end.

Professional risk takers have been important factors in the success or failure of recent mergers.

For example, arbitragers never believed Mobil Oil would succeed in its attempt to take over Conoco Oil last year and most sold their stock to Mobil's competitors, Seagram and Du Pont, the latter being the eventual winner of the battle.

Recently, however, corporate merger activity has slowed. According to the industry trade group, the Securities Industry Association, at the end of March 1981, brokerage firms owned \$1,058 million of stock they bought during takeover attempts.

At the end of March 1982 those same firms had only \$655 million.

One Wall Street arbitrageur, although angry at Gulf for backing out of the deal, said he doubted the paper losses will be realized fully. Cities Service says it plans to either find another merger partner or liquidate its assets and remit the proceeds to shareholders.

Although the professional risk takers stand to lose the most on the Cities Service deal, an unknown number of other investors — many of them individuals — bought Cities Service shares in hopes of making a profit. Many of these individuals will lose money.

The New York Stock Exchange said that for the last 10 days it has monitored member brokerage firms that had taken a position in Cities Service stock. "Nobody is in difficulty," a spokesman said.

Among the firms thought to have sizable stakes in Cities Service are Merrill Lynch Pierce Fenner & Smith, Bach Halsey Stuart Shields, Goldman Sachs, Bear Stearns, Boesky & Co. and O'Conor Associates, a Chicago-based securities firm.

Washington Post Staff Writers Merrill Brown and Mark Potts contributed to this story.

# Merrill Lynch Sets Zero Cocktail

New York Times Service

NEW YORK — Merrill Lynch has announced a new kind of security that combines the features of zero-coupon bonds with the high credit quality of the U.S. Treasury securities. In the first day of sales, the firm said, it received orders for more than \$1 billion of the Treasury Investment Growth Receipts, which it calls "tigers."

Although the Treasury has not issued zero-coupon bonds, Merrill Lynch has created its own by "stripping" the semiannual interest coupons from \$500 million of 14 percent Treasury bonds due in 2011.

By separating the twice-a-year interest payments from the principal amount of the bonds, Merrill Lynch created \$1.72 billion face amount of zero-coupon securities, called serial TIGR's, with various maturities ranging from this November to November, 2006. It also created another \$850 million of zero-coupon bonds that consist of the principal amount of the bonds plus interest payments due after 2006.

Zero-coupon bonds were first introduced to the corporate bond market in April, 1981 and have been popular with domestic and foreign investors.

With a zero-coupon bond, the investor's return comes from the difference between the price paid for a security and its face value at maturity. The yield is said to be locked in because the investor does not need to worry about reinvesting the periodic interest payments.

The advent of Individual Retirement Accounts this year broadened the appeal of zero-coupon issues to individual investors in the United States. The low initial price for the zero-coupon bonds was ideal for the \$2,000 maximum annual contribution to an individual IRA.

Foreigners have also been avid buyers of zero-coupon securities because they are a way to lock in high yields on dollar securities. Until the Ministry of Finance curbed the activity, Japanese investors were heavy buyers of zero-coupon issues be-

cause under their laws the return was not taxable income.

Officials at Merrill Lynch have not announced specific prices for the different TIGR's, but one source at the firm indicated Monday that each \$1,000 of the issues due in 2011 would cost an investor about \$35. That would equal a yield to maturity of about 12½ percent. Currently, 14 percent Treasury bonds, with coupons attached, yield about 13½ percent.

For a TIGR due in two years, the price could be about \$2,600 for every \$3,500. The serial TIGR's are sold in units with a face value of \$3,500, \$7,000, and \$14,000, while the longer-term issue is sold in units of \$42,500.

Until a few months ago, officials at the Treasury and Federal Reserve Bank of New York favored upon the practice of stripping coupons from Treasury securities. Treasury officials did not like the practice because it was often used to defer or reduce tax liabilities. For example, the seller of a stripped bond would claim a loss one year, and claim a gain in some future year when he presented the interest coupons for payment.

That loophole is closed, however, by provisions in the tax bill now before Congress. The amendments to the Internal Revenue Code would not allow the seller of a stripped bond to claim a loss, and would require owners of the bonds to pay tax each year on a portion of the difference between the purchase price and face value.

"So long as people know their tax liability and understand these are not actual Treasury securities, we are indifferent," said Mark E. Stahecker, deputy assistant secretary of the Treasury.

Officials at Merrill Lynch, which is marketing the new product through the Merrill Lynch White Weld Capital Markets Group, said they plan to make a secondary market in the TIGR's, which would allow investors to sell their holdings prior to maturity.

# OPEC, Companies Discount Rumor Of Big Rise in Saudi Oil Output

Compiled by Our Staff From Dispatches

MANAMA, Bahrain — Rumors among industry sources in the Gulf that Saudi Arabia had increased oil production by 2 million barrels a day above its OPEC quota were treated with skepticism Tuesday by OPEC and oil compa-

nies. A senior Organization of Petroleum Exporting Countries source in the Gulf said he is "virtually certain" Saudi Arabia has not increased oil production.

No notification has been sent to the major oil companies nor have other Gulf governments been informed of an increase, he said.

Inquiries by companies in the kingdom have convinced most oilmen the rumors are false, he said.

Oil ministry officials in Saudi Arabia routinely decline all comment on production figures until Oil Minister Sheik Ahmed Zaki Yamani decides to publicize such figures.

At the same time Tuesday, diplomatic sources in Tripoli said Libya had increased its daily oil exports to 1.3 million barrels, nearly double the maximum amount allocated under the market-sharing plan.

A spokesman in New York for the Arabian American Oil Co. (Aramco), the main buyer of Saudi oil, said he could not confirm or deny the reports but did confirm that Aramco officials are to confer

this week in New York with a Saudi Arabian government official for what has been described as a normally scheduled monthly meeting.

Oil market sources have reasoned that Saudi Arabia would not be likely to raise output in a period of slack demand. Only a substantial price cut could clear the market of the increased output, they said.

One source close to Aramco indicated that Saudi output in fact was slipping below 6 million barrels a day, well under its ceiling of 7 million barrels a day.

Saudi Arabia, the world's largest oil exporter, committed itself to a 7 million-barrel daily limit at a

March OPEC meeting that set a total 17.5 million-barrel ceiling for the 13 member states.

The quota system was intended to absorb the world oil glut and maintain OPEC's benchmark price of \$34 a barrel.

It succeeded for a time, but friction grew over individual quotas and overall production exceeded the ceiling.

The agreement collapsed at last month's emergency OPEC ministerial meeting, with Saudi Arabia, Iran and Libya at the center of a bitter debate over market shares. However, Saudi Arabia had been keeping to its quota.

## Dollar Slips From Records But Rallies Toward Close

Compiled by Our Staff From Dispatches

LONDON — After reaching record highs Monday against European currencies, the dollar slipped back Tuesday but rallied toward the close after a day of volatile rate movements.

Dealers said demand for the dollar in the afternoon originated from the United States, mainly the Chicago futures market, and partly reflected the belief that U.S. treasury funding requirements would prevent interest rates falling further.

The dollar fell back from the 2.50 Deutsche-mark level in active but nervous trading as Eurodollar deposit rates eased, dealers said. It closed at 2.5098 DM, above New York's overnight 2.5030 but below 2.5188 in London Monday.

The dollar remained below its closing levels Monday of 2.1460-90 francs and 262.10-25 yen.

The dollar showed little reaction to news that the Israeli Cabinet accepted the bulk of U.S. negotiator Philip Habib's plan for a Palestinian guerrilla withdrawal from Beirut.

Sterling finished at \$1.6980, little changed from Monday but nearly two cents below the day's highest levels.

The dollar closed steady in Frankfurt after a day of relatively brisk trading marked by profit-taking traders said.

The market was calm compared to Monday, when the dollar reached a 12-month high against the mark.

The dollar closed in Frankfurt at about 2.4930 DM, up a cent from its 2.4890 DM fixing.

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## Smiles Pervade Gulf Offices as Merger Fails

(Continued from Page 9)

so company's large oil and gas reserves and undeveloped acreage.

"The only thing that surprised me was that they didn't get 10 calls."

[A spokesman for Allied Corp. said Tuesday that Allied had investigated the acquisition of Cities Service and concluded that it was not interested in the company, Reuters reported from Morris Township, N.J. Allied is a diversified chemical company with heavy interests in oil and gas.]

Gulf officials expressed the strong view that their objections to the antitrust issues raised by the

FTC had not been understood properly. They said Gulf certainly could have met the agency's criteria, but not at an affordable cost. For this reason, they never gave control of the FTC negotiations to their lawyers, but rather kept decision-making power in the hands of business strategists in Pittsburgh.

"We did not give carte blanche to counsel to negotiate the deal," Mr. Lee said. "Anything is possible if you're not concerned about the cost."

Gulf calculated that under the FTC finding, it would have had to attract a buyer willing to spend about \$1.1 billion for either Cities Service's refinery in Lake Charles, La., or Gulf's in Port Arthur, Tex., and some smaller assets.

Beyond that, Gulf saw the Cities Service deal in terms of scale efficiencies that would have saved the

### GTE Gets Army Contract

Reuters

NEEDHAM, Mass. — GTE said Tuesday it received a \$10.7 million contract from the U.S. army for continued operation of a missile-tracking radar system in the South Pacific.

New Issue  
August 11, 1982

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Baden-Württembergische Bank Aktiengesellschaft

Banca Nazionale del Lavoro

Banque de Commerce Extérieur

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Banque Paribas

Bayerische Landesbank

Berliner Bank Aktiengesellschaft

Commerzbank (South East Asia) Ltd.

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Credito Italiano

Deutsche Girozentrale

Dresdner Bank Aktiengesellschaft

Eidgenössische Genossenschaftsbank

Georg Hauck & Sohn Bankiers

Hanseatic Landesbank - Girozentrale

Hanseatic Landesbank - Kommanditgesellschaft auf Aktien

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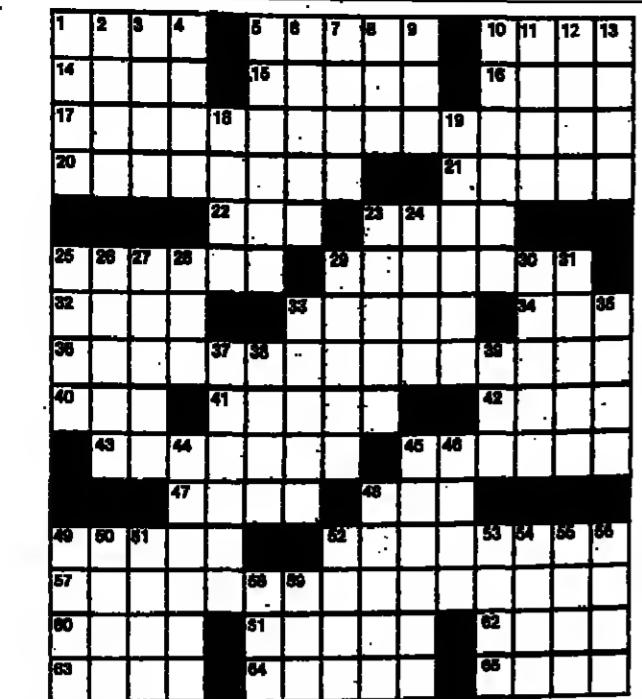
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15 Golf score  
16 Jays' cousins  
17 Moves from  
the minors to a  
Calif. club  
20 Religious  
solitaires  
21 Sacred: Comb.  
form  
22 Type of tape  
23 Beleeked  
25 More risqué  
28 Certain tanks  
32 Pterid  
33 Site of a W.W.I  
battle  
34 Glacial  
36 Atlanta-Fulton  
County  
Stadium  
40 Haggard  
African queen  
41 Scholar in a  
library  
42 Breakdown or  
passing  
43 A neighbor of  
Mali  
45 First pianist to  
use a jazz  
organ  
47 Square column  
48 Penrod's pal  
49 Have — (be  
prudent)

## DOWN

52 Alice's tea-  
party  
companion  
57 Fagin's  
protégé on the  
Coast?  
60 Mountain pool  
61 Parisian  
student  
62 French Islands  
63 Footless  
64 Consumed  
65 Flower cluster

24 Part of a tangelo  
25 Stadium  
cheers  
26 Hilo ball or  
farewell  
27 Delou or  
hagene  
28 Choler  
29 Black tea  
30 Messala, to  
Ben-Hur  
31 Film unit  
33 Slight furrow  
35 Nieuwpoort's  
river  
37 Diamond event  
in April  
38 Dixie Knox  
39 Tennis term  
44 Army rifle  
45 Lewis E.  
Lawes was one  
46 Cartridges, for  
short  
48 Work out  
49 " — boy!"  
50 Fellow  
51 Of flying  
machines  
52 Vocal  
composition  
53 Like Pindar's  
poetry  
54 Adjective for  
an eyegore  
.55 Appear  
56 Gaelic  
58 Driver's aid  
59 Lake  
Okeechobee's  
state: Abbr.

## WEATHER

	HIGH	LOW	HIGH	LOW
ALGARVE	C 29	F 24	C 27	F 21
ALGIERS	C 31	F 29	C 29	F 25
AMERICAN SAMOA	C 21	F 15	C 23	F 15
ANKARA	C 31	F 25	C 23	F 15
ATHENS	C 31	F 25	C 23	F 15
AUCKLAND	C 32	F 25	C 24	F 15
BANGKOK	C 32	F 25	C 24	F 15
BERGDORF	C 27	F 20	C 24	F 15
BERLIN	C 31	F 25	C 27	F 15
BOSTON	C 22	F 17	C 24	F 15
BUDAPEST	C 22	F 17	C 24	F 15
BUENOS AIRES	C 14	F 17	C 24	F 15
CAGAYAN DE ORO	C 22	F 17	C 24	F 15
CAGUAS TOWN	C 22	F 17	C 24	F 15
CASABLANCA	C 23	F 17	C 24	F 15
CHICAGO	C 23	F 17	C 24	F 15
COPENHAGEN	C 22	F 17	C 24	F 15
COSTA DEL SOL	C 22	F 17	C 24	F 15
DALLAS	C 20	F 17	C 24	F 15
DUBLIN	C 20	F 17	C 24	F 15
EDINBURGH	C 22	F 17	C 24	F 15
FLORENCE	C 21	F 16	C 24	F 15
FRANKFURT	C 21	F 16	C 24	F 15
GABORONE	C 22	F 17	C 24	F 15
HANOVER	C 14	F 17	C 24	F 15
HELSINKI	C 29	F 17	C 24	F 15
HONG KONG	C 38	F 20	C 24	F 15
HONOLULU	C 26	F 17	C 24	F 15
ISRAEL	C 22	F 17	C 24	F 15
JERUSALEM	C 22	F 17	C 24	F 15
LAS PALMAS	C 16	F 14	C 24	F 15
LIMA	C 20	F 17	C 24	F 15
LISBON	C 20	F 17	C 24	F 15
LONDON	C 20	F 17	C 24	F 15

Readings from the previous 24 hours.

ADVERTISEMENT  
INTERNATIONAL FUNDS

AUGUST 10, 1982

The net asset value quotations shown below are supplied by the funds listed with the exception of some funds whose quotes are based on market value per share daily. (a) — weekly; (m) — monthly; (r) — quarterly; (d) — annually.

BANK HOLZBAER & Co Ltd SF 142.50  
(a) 1 D. Conder SF 152.00  
(a) 2 D. Stocker SF 152.00

BANK VON ERNST & Cie AG 2422 Bern SF 192.41  
(a) 1 D. Conder SF 192.41  
(a) 2 D. Stocker SF 192.41

BRITANNIA, PO Box 277, St. Helier, Jersey  
(a) Universal Growth Fund SF 149.40  
(a) Jersey Gilt Fund SF 149.40

CAPITAL INTERNATIONAL SF 22.45  
(a) 1 D. Conder SF 22.45  
(a) 2 D. Stocker SF 22.45

CREDIT SUISSE SF 252.00  
(a) 1 D. Conder SF 252.00  
(a) 2 D. Stocker SF 252.00

DIT INVESTMENT FFM DM 145.70  
(a) 1 D. Conder DM 145.70

FIDELITY BANK 6% Hamilton, Bermuda SF 142.50  
(a) 1 D. Conder SF 142.50  
(a) 2 D. Stocker SF 142.50

FIDELITY Amer. Assets SF 162.00  
(a) 1 D. Conder SF 162.00  
(a) 2 D. Stocker SF 162.00

FIDELITY Disc. Inv. Tr. SF 152.49  
(a) 1 D. Conder SF 152.49  
(a) 2 D. Stocker SF 152.49

FIDELITY Fund Inv. SF 152.49  
(a) 1 D. Conder SF 152.49  
(a) 2 D. Stocker SF 152.49

FIDELITY Orient Fund SF 182.00  
(a) 1 D. Conder SF 182.00  
(a) 2 D. Stocker SF 182.00

G.T. MANAGEMENT LTD (UK) LTD SF 172.00  
(a) 1 D. Conder SF 172.00  
(a) 2 D. Stocker SF 172.00

JARDINE PLEMING POB 70 GPO Hong Kong SF 122.45  
(a) 1 D. Conder SF 122.45  
(a) 2 D. Stocker SF 122.45

JARDINE PLEMING TRUST CO LTD Y 122.45  
(a) 1 D. Conder Y 122.45  
(a) 2 D. Stocker Y 122.45

JARDINE PLEMING TRUST CO LTD Y 122.45  
(a) 1 D. Conder Y 122.45  
(a) 2 D. Stocker Y 122.45

JOHN LEWIS LTD SF 172.00  
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(a) 2 D. Stocker SF 172.00

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KLINGERMAN LTD SF 172.00  
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## SPORTS

**Oriole Relief Fails; White Sox Rally to Win, 9-5***Compiled by Our Staff From Dispatches*

**CHICAGO** — Baltimore's scionglong nemesis — faulty relief pitching — was most apparent Monday night as the Chicago White Sox recovered from a 5-0 deficit and defeated the Orioles, 9-5.

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